

MEMORANDUM OF UNDERSTANDING  
BETWEEN THE  
U.S. DEPARTMENT OF LABOR  
AND THE  
NATIONAL COUNCIL OF FIELD LABOR LOCALS  
(NCFLL)

**INTRODUCTION**

This Memorandum of Understanding (MOU) is entered into between the U.S. Department of Labor (DOL or Department) and the National Council of Field Labor Locals (NCFLL) in accordance with the applicable provisions of the DOL-NCFLL Agreement.

**SUBJECT**

This MOU concerns the Department's implementation of the Salary Offset Pilot Program as authorized by the Travel and Transportation Reform Act of 1998. The Salary Offset Program will be initially implemented as a pilot in DOL's Chicago/Kansas City Region.

**BACKGROUND**

The Department shared its proposal to implement the Salary Offset Pilot Program with the NCFLL. While the NCFLL does not concur with this proposal to implement the Salary Offset Pilot Program at this time, it enters into this MOU with the Department to achieve the most effective appropriate arrangements and procedures possible to serve the interests of its bargaining unit employees.

**TERMS OF AGREEMENT**

1. For the purposes of Salary Offset, disposable income is defined as bi-weekly pay less deductions required by law (such as normal retirement contributions; Thrift Savings payments; federal, state and local taxes; Medicare; disability insurances; regular life insurance; health insurance premiums; and any debt owed to the government which is in default).
  
2. In accordance with OMB Circular A-129, Policies for Federal Credit Programs and Non-Tax Receivables, agencies have the authority to administratively garnish the wages of delinquent debtors in order to recover delinquent debt. The maximum salary offset for any delinquent travel debt will be 10% of disposable income. Multiple

administrative garnishments from all sources against one debtor's wages may not exceed 25% of the disposable income of an individual.

- There will be no salary offset from an individual's bi-weekly disposable income if it is less than sixty (60) times the federal minimum hourly wage.
  - Individuals whose disposable income for the bi-weekly pay period falls between sixty (60) and eighty (80) times the federal minimum wage, only the amount in excess of sixty (60) times the federal minimum hourly wage is subject to a salary offset of 10%.
  - Individuals whose disposable income for the bi-weekly pay period is in excess of eighty (80) times the federal minimum hourly wage, 10% of the disposable pay will be subject to salary offset.
3. The parties recognize that affected employees may request assistance from their union representatives. Any official time/travel requests will be granted in accordance with laws, rules, and regulations as appropriate, as well as pertinent provisions of the DOL-NCFL Agreement.
  4. Information regarding an employee's salary offset will not be shared with anyone outside of the offset process unless required by rule, law or regulation, or at the request of the employee.
  5. Salary Offset will only be initiated for those delinquent amounts, inclusive of unauthorized charges, owed for the travel card for which travel voucher payments have been made by DOL.
  6. Information will be provided regarding the Employee Assistance Program (EAP) in all letters from DOL to employees who are experiencing debt management problems and may have their salary offset as a result. Assistance from EAP may include referral for consumer credit counseling services.
  7. Employees maintain the right in the review and appeals process to provide the Regional Finance Officer information pertaining to newly discovered disputed amounts, any travel for which the employee has not received payment, and any additional information they believe relevant. The employee may discuss information related to salary offset by telephone with the Regional Finance Officer and/or present the information in writing. Should further discussion be warranted, the employee and the RFO may mutually agree to meet.

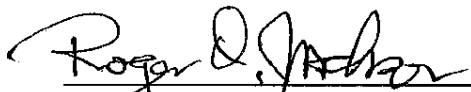
8. Management agrees to share the form letters related to the Salary Offset Pilot Program 15 days prior to implementation for union input.
9. The parties agree that split disbursement may facilitate employees handling of their travel card responsibilities. Accordingly, the parties commit to pursuing this option for all field employees as soon as possible.

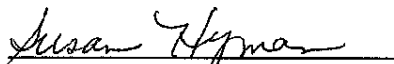
#### 10. Timeline


- The effective date of the pilot will be 15 workdays following the signing of this MOU.
- The pilot will end on September 30, 2005, subject to the Office of Management and Budget (OMB) requirements.
- An interim briefing will be held at the second Chicago LMR meeting for 2005.
- A briefing on the outcome of the pilot program will be held at the October 2005 National LMR meeting.
- Upon completion of the Pilot, it is the intent of the Department that Salary Offset will be implemented nationally. The parties recognize that implementation of the permanent program may be accelerated by OMB requirements. Nothing in this MOU will waive any statutory and/or contractual rights NCFLL may have to bargain impact and implementation of any permanent Salary Offset Program.

#### 11. Communication and Distribution

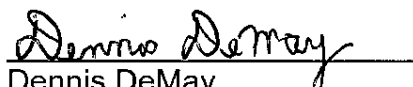
- This MOU will be posted on the Chicago/Kansas City Regional web-site with an email notice to all bargaining unit employees containing the link to that web-site.
- The parties will jointly develop a summary and description of the program for distribution in the Chicago/Kansas City Region.
- In the first notice to the affected employee from DOL concerning salary offset, the following statement will be included: "If you are a bargaining unit employee, you may contact your union representative."


  
Roger Jackson  
NCFLL, Vice President

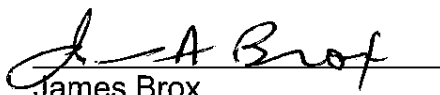
  
Susan Hyman  
Human Resources Specialist, OELMR

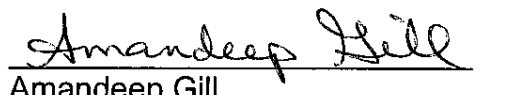
  
Barbara Brandt  
NCFLL, Vice President

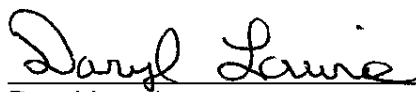
  
Valerie Harris  
Administrative Officer, OCFO

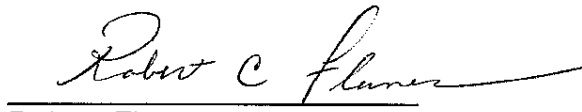
  
Dennis DeMay  
NCFLL, Vice President

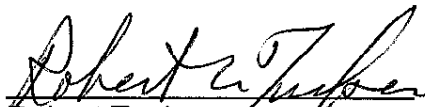
  
Cynthia Jones  
Financial Mgt. Specialist, OCFO

  
James Brox  
RCBC Chair, Kansas City

  
Amandeep Gill  
Human Resources Specialist, OCFO

  
Daryl Laurie  
RCBC Member, Kansas City

  
Robert Flannery  
Regional Finance Mgr, OASAM/Chicago

  
Robert Tucker  
RCBC Chair, Chicago

Dated this 7<sup>th</sup> day of April, 2005



**Pilot Program – Chicago/Kansas City Regions  
Salary Offset for Citibank Travel Card Delinquencies**  
April, 2005

DOL will initiate a salary offset pilot program on April 28, 2005, to recover delinquent travel card balances owed by employees to Citibank.

By way of background, in fiscal year 1998 Congress enacted into law the Travel and Transportation Reform Act, in order to ensure the integrity of federal travel management programs. This act enabled federal agencies to offset the salary of federal employees to collect delinquent, undisputed, travel card debt. While up until now, the Department has chosen not to use such offsets, it is now initiating the pilot as a result of pending federal regulations that will mandate salary offset to recoup delinquent, undisputed travel card debt. This pilot will be conducted in the Chicago/Kansas City OASAM combined region until September 30, 2005.

The NCFL has entered into a Memorandum of Understanding (MOU) with DOL on how this pilot program is to be conducted. As part of this MOU the Department has agreed to reduce the maximum amount deducted from an employee's salary allowable under the regulations that govern salary offset from 15% to 10% of disposable income. The Department will provide information on credit counseling for any employee having difficulties with their balances, and ensure their right to due process within the Department with the assistance of their NCFL representatives.

The basic provisions of the Salary Offset pilot program are as follows:

- Only employees with travel card balances which are 120 days delinquent or more, are subject to salary offset.

- Affected employees will be contacted well before any offset is proposed to allow them time to resolve payment matters directly with Citibank.
- Citibank will not submit negative credit card information to credit bureaus while a DOL employee is covered by the salary offset program.
- Employees are authorized to use the Employee Assistance Program (EAP) to obtain assistance with credit management and associated personal issues.
- Employees are entitled to have the assistance of their NCFLL representatives on matters related to the salary offset program.
- Employees are only responsible for repaying undisputed debt amounts for which their travel payments have been processed by the Department.
- Per the terms of the MOU, the maximum bi-weekly offset will be 10% of disposable income rather than the 15%, which is the maximum percentage permitted by regulation for this program.
- Disposable income is defined as biweekly pay less deductions required by law (such as normal retirement contributions; thrift savings payments; federal, state and local taxes; Medicare; disability insurances; regular life insurance; health insurance premiums; and any debt owed to the government which is in default). Offsets from disposable income are limited for employees with lower biweekly paychecks. For example any pay period that an employee has disposable income of \$309 or less there will be no offset. Further, for employees whose bi-weekly pay is greater than \$309 but less than \$412, only the amount above \$309 will be subject to the 10% offset.

Based upon mutual agreement the employees can discuss their concerns directly with the regional finance officer.

To avoid being negatively impacted by this program, the NCFLL urges all field employees to promptly file their travel vouchers and to make payments in a timely manner. Employees are reminded that if their travel vouchers are not paid within 30 days of filing, they will be entitled to full payment plus appropriate interest.

***NCFLL Proposed Notification Letter***

Date

Name

Address

City, State, Zip

Subject: Delinquent Charge Card Account Balance – Salary Offset

Dear Sir/Madam:

Citibank has informed us that your Citibank government travel card, Account #1234 5678 9123 4567, has been cancelled for non-payment and that you currently have an outstanding balance on this account of \$9999.99. The individual transactions on this account are listed on the attachment.

The Travel and Transportation Reform Act of 1998 authorizes the Department to offset your disposable pay at the request of the travel card contractor to collect delinquent balances. As you are currently more than 120 days in arrears in your payments, the Department is proposing to initiate payroll deductions from your pay to begin the first pay period ending 30 days after the date of this letter unless you resolve the matter prior to such date or submit an appeal as described below. The deduction will continue until the total amount is paid-in-full, or we are notified by Citibank to stop collection action. Such off sets will not exceed 10% of your disposable income.

We will not offset your federal salary if you:

1. Repay Citibank the balance of your account,
2. Sign, date, and return the attached Citibank repayment plan to Citibank and abide by the terms of the repayment agreement,
3. The charges sought by the travel card contractor are the subject of a properly completed timely filed travel voucher that has not been paid by the government.
4. Are in bankruptcy or litigation, and the employee is timely making payments as required by the agreement. or
5. Are no longer employed by the Department of Labor.

***If any of these conditions apply, or if you believe there are other mitigating circumstances regarding this debt that would suggest that salary offset should not occur, you may submit a formal appeal to our office.*** (See enclosure: Grounds for Appeal) Please send your appeal letter with any relevant documentation to:

DOL/OASAM/FM  
John C. Kluczynski Building  
230 S. Dearborn St., Room 1016  
Chicago, IL 60604

Attn: Robert Flannery



You may also fax your appeal to OASAM at 312-353-0704. Additionally, you may request to discuss this matter with me in your submittal or by contacting me at 312-353-xxxx.

If you do not take steps with Citibank to repay your debt or do not submit an appeal to OASAM within 30 days of receipt of this letter, we may notify the National Finance Center to begin salary offset operations.

The Department's Employee Assistance Program is available to employees who wish to voluntarily and confidentially seek credit counseling or counseling due to stress caused by personal financial problems. For further information on the Employee Assistant Program please call \_\_\_\_\_.

If you are a bargaining unit employee, you may contact your Union representative.

Sincerely,

ROBERT C. FLANNERY  
Regional Finance Director

Attachments (Citibank Repayment Agreement + Debt Documentation)

Enclosure  
Grounds for Appeal

## Enclosure to Sample Due Process Notice

### GROUNDS FOR APPEAL

As a general matter, employees are expected to timely reimburse the travel card contractor for all undisputed charges on the card. Employees are also expected to have used the card only for expenses related to official travel, to have timely filed their travel vouchers and to have timely disputed any improper charges. Therefore, the grounds for an appeal are limited. The following may, if properly substantiated, be grounds for appeal:

1. The charges sought by the travel card contractor are the subject of a properly completed timely filed travel voucher that has not been paid by the government.
2. The charges sought by the travel card contractor are the subject of a timely dispute that the Travel Card contractor has not resolved.
3. The charges sought by the travel card contractor have been released in bankruptcy.
4. The employee and the travel card contractor have signed a written payment agreement, and the employee is timely making payments as required by the agreement.
5. The employee has paid the delinquent balance in full.

The employee is responsible for providing proof to support any grounds for appeal. The nature of the proof will vary in each case. For example, proof to support an appeal based on the statement that the charges sought by the travel card contractor are the subject of a properly completed timely filed travel voucher that has not been paid by the government would include:

1. A copy of the voucher.
2. Copies of any communications with the travel payment office concerning payment,
3. A copy of the travel card billing statement, and
4. Any other evidence supporting the employee's statement.

As a general rule, financial hardship is not grounds for appeal. Because the travel card should only be used for official travel expenses, which are reimbursed by the government, the employee should be able to reimburse the travel card contractor without hardship. Any request that the salary offset not be processed, either at all or a reduced rate (less than 10% of disposable pay), because of financial hardship must include a detailed explanation of the hardship with a complete financial statement reflecting all income available to the household and all required monthly payments and debts.