

105TH CONGRESS
2D SESSION

H. R. 4243

AN ACT

To reduce waste, fraud, and error in Government programs by making improvements with respect to Federal management and debt collection practices, Federal payment systems, Federal benefit programs, and for other purposes.

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To reduce waste, fraud, and error in Government programs by making improvements with respect to Federal management and debt collection practices, Federal payment systems, Federal benefit programs, and for other purposes.

(a) SHORT TITLE.—This Act may be cited as the
“Government Waste, Fraud, and Error Reduction Act of
1998”.

Sec. 1. Short title; table of contents.
Sec. 2. Purposes.
Sec. 3. Definition.

Sec. 101. Improving financial management.
Sec. 102. Improving travel management.

Sec. 201. Miscellaneous technical corrections to subchapter II of chapter 37 of title 31, United States Code.

Sec. 202. Barring delinquent Federal debtors from obtaining Federal benefits.

Sec. 203. Collection and compromise of nontax debts and claims.

Sec. 301. Authority to sell debts.
Sec. 302. Requirement to sell certain debts.

Sec. 401. Annual report on high value debts.
 Sec. 402. Review by Inspectors General.
 Sec. 403. Requirement to seek seizure and forfeiture of assets securing high value debt.

Sec. 501. Transfer of responsibility to Secretary of the Treasury with respect to prompt payment.

Sec. 502. Promoting electronic payments.

10 The purposes of this Act are the following:

1 (1) To reduce waste, fraud, and error in Fed-
2 eral benefit programs.

3 (2) To focus Federal agency management at-
4 tention on high-risk programs.

5 (3) To better collect debts owed to the United
6 States.

7 (4) To improve Federal payment systems.

8 (5) To improve reporting on Government oper-
9 ations.

10 **SEC. 3. DEFINITION.**

11 As used in this Act—

12 (1) the term “nontax debt” means any debt
13 other than a debt under the Internal Revenue Code
14 of 1986 or the Tariff Act of 1930; and

15 (2) the term “nontax claim” means any claim
16 other than a claim under the Internal Revenue Code
17 of 1986 or the Tariff Act of 1930.

18 **TITLE I—GENERAL**
19 **MANAGEMENT IMPROVEMENTS**

20 **SEC. 101. IMPROVING FINANCIAL MANAGEMENT.**

21 (a) REPEAL.—Section 3515 of title 31, United States
22 Code, is amended—

23 (1) in subsection (a)—

24 (A) by striking “1997” and inserting
25 “1999”; and

1 (B) by inserting “Congress and” after
2 “submit to”;
3 (2) by striking subsection (e); and
4 (3) by striking subsections (f), (g), and (h).

5 (b) PRODUCTION OF DOCUMENTS.—

6 (1) AUTHORITY.—Section 5114(a) of title 31,
7 United States Code, is amended—

8 (A) by inserting “(1)” after “(a)”; and

9 (B) by adding at the end the following new
10 paragraph:

11 “(2) The Secretary of the Treasury may, if the
12 Secretary determines that it will not interfere with
13 engraving and printing needs of the United States—

14 “(A) produce currency, postage stamps,
15 and other security documents for foreign gov-
16 ernments, subject to a determination by the
17 Secretary of State that such production would
18 be consistent with the foreign policy of the
19 United States; and

20 “(B) produce security documents for
21 States and their political subdivisions.”.

22 (2) REIMBURSEMENT.—Section 5143 of title
23 31, United States Code, is amended—

24 (A) in the first sentence, by inserting “,
25 foreign government, or individual State or any

1 political subdivision thereof” after “agency”;
 2 and

3 (B) in the last sentence, by inserting “,
 4 foreign government, or individual State or any
 5 political subdivision thereof” after “agency”.

6 (d) EFFECTIVE DATES.—

7 (1) IN GENERAL.—Except as provided in para-
 8 graph (2), this section shall take effect on the date
 9 of the enactment of this Act.

10 (2) SECRETARY’S WAIVER AUTHORITY.—Sub-
 11 section (a)(1) of this section shall take effect March
 12 1, 1998.

13 **SEC. 102. IMPROVING TRAVEL MANAGEMENT.**

14 (a) LIMITED EXCLUSION FROM REQUIREMENT RE-
 15 GARDING OCCUPATION OF QUARTERS.—Section 5911(e)
 16 of title 5, United States Code, is amended by adding at
 17 the end the following new sentence: “The preceding sen-
 18 tence shall not apply with respect to lodging provided
 19 under chapter 57 of this title.”.

20 (b) USE OF TRAVEL MANAGEMENT CENTERS,
 21 AGENTS, AND ELECTRONIC PAYMENT SYSTEMS.—

22 (1) REQUIREMENT TO ENCOURAGE USE.—The
 23 head of each executive agency shall, with respect to
 24 travel by employees of the agency in the perform-
 25 ance of the employment duties by the employee, re-

1 quire, to the extent practicable, the use by such em-
2 ployees of travel management centers, travel agents
3 authorized for use by such employees, and electronic
4 reservation and payment systems for the purpose of
5 improving efficiency and economy regarding travel
6 by employees of the agency.

7 (2) PLAN FOR IMPLEMENTATION.—(A) The Ad-
8 ministrator of General Services shall develop a plan
9 regarding the implementation of this subsection and
10 shall, after consultation with the heads of executive
11 agencies, submit to Congress a report describing
12 such plan and the means by which such agency
13 heads plan to ensure that employees use travel man-
14 agement centers, travel agents, and electronic res-
15 ervation and payment systems as required by this
16 subsection.

17 (B) The Administrator shall submit the plan re-
18 quired under subparagraph (A) not later than March
19 31, 1999.

1 **TITLE II—IMPROVING FEDERAL**
2 **DEBT COLLECTION PRACTICES**

3 **SEC. 201. MISCELLANEOUS TECHNICAL CORRECTIONS TO**
4 **SUBCHAPTER II OF CHAPTER 37 OF TITLE 31,**
5 **UNITED STATES CODE.**

6 (a) CHILD SUPPORT ENFORCEMENT.—Section
7 3716(h)(3) of title 31, United States Code, is amended
8 to read as follows:

9 “(3) In applying this subsection with respect to
10 any debt owed to a State, other than past due sup-
11 port being enforced by the State, subsection
12 (c)(3)(A) shall not apply.”.

13 (b) CHARGES BY DEBT COLLECTION CONTRAC-
14 TORS.—

15 (1) COLLECTION BY SECRETARY OF THE
16 TREASURY.—Section 3711(g) of title 31, United
17 States Code, is amended by adding at the end the
18 following:

19 “(11) The amount received by a person for perform-
20 ance of collection services under this section shall not be
21 limited by State law, and reasonable collection costs may
22 be charged to the debtor notwithstanding any provision
23 of State law. The preceding sentence shall not apply to
24 the collection of child support debt by any person.”.

1 (2) COLLECTION BY PROGRAM AGENCY.—Sec-
2 tion 3718 of title 31, United States Code, is amend-
3 ed by adding at the end the following:

4 “(h) The amount received by a person for perform-
5 ance of collection services under this section or section
6 3711(g) of this title shall not be limited by State law.”.

7 (c) DEBT SALES.—Section 3711 of title 31, United
8 States Code, is amended by striking subsection (i).

9 (d) GAINSHARING.—Section 3720C(b)(2)(D) of title
10 31, United States Code, is amended by striking “delin-
11 quent loans” and inserting “debts”.

12 (e) PROVISIONS RELATING TO PRIVATE COLLECTION
13 CONTRACTORS.—

14 (1) COLLECTION BY SECRETARY OF THE
15 TREASURY.—Section 3711(g) of title 31, United
16 States Code, is further amended by adding at the
17 end the following:

18 “(12) In attempting to collect under this subsection
19 through the use of garnishment any debt owed to the
20 United States, a private collection contractor shall not be
21 precluded from verifying the debtor’s current employer,
22 the location of the payroll office of the debtor’s current
23 employer, the period the debtor has been employed by the
24 current employer of the debtor, and the compensation re-

1 ceived by the debtor from the current employer of the
2 debtor.

3 “(13)(A) The Secretary of the Treasury shall provide
4 that any contract with a private collection contractor
5 under this subsection shall include a provision that the
6 contractor shall be subject to penalties under the con-
7 tract—

8 “(i) if the contractor fails to comply with any
9 restrictions under applicable law regarding the col-
10 lection activities of debt collectors; or

11 “(ii) if the contractor engages in unreasonable
12 or abusive debt collection practices in connection
13 with the collection of debt under the contract.

14 “(B) Notwithstanding any other provision of law, a
15 private collection contractor under this subsection—

16 “(i) shall not be subject to any liability or con-
17 tract penalties in connection with efforts to collect a
18 debt pursuant to a contract under this subsection by
19 reason of actions that are required by the contract
20 or by applicable law or regulations; and

21 “(ii) shall not be subject to payment of statu-
22 tory damages or attorney’s fees by reason of any ac-
23 tion in connection with efforts to collect such debt,
24 except in a case of bad faith or intentional mis-
25 conduct by the contractor.

1 “(14) Performance of a contractor under any con-
2 tract entered into under this subsection, including without
3 limitation any contract in effect on the date of enactment
4 of the Government Waste, Fraud, and Error Reduction
5 Act of 1998, shall be measured, and allocation of account
6 placements and bonus compensation shall be determined,
7 solely through an evaluation methodology that bases not
8 less than 50 percent of the contractor’s score under such
9 evaluation on the contractor’s gross collections net of com-
10 missions (as a percentage of account amounts placed with
11 the contractor) under the contract. The frequency of valid
12 borrower complaints shall be considered in the evaluation
13 criteria.

14 “(15) In selecting contractors for performance of col-
15 lection services, the Secretary of the Treasury shall evalu-
16 ate bids received through a methodology that bases not
17 less than 50 percent of the bidder’s score in such evalua-
18 tion on the bidder’s prior performance in terms of net
19 amounts collected under government collection contracts
20 of similar size. The frequency of valid borrower complaints
21 shall be considered in the evaluation criteria.”.

22 (2) COLLECTION BY PROGRAM AGENCY.—Sec-
23 tion 3718 of title 31, United States Code, is further
24 amended by adding at the end the following:

1 “(i) In attempting to collect under this subsection
2 through the use of garnishment any debt owed to the
3 United States, a private collection contractor shall not be
4 precluded from verifying the current place of employment
5 of the debtor, the location of the payroll office of the debt-
6 or’s current employer, the period the debtor has been em-
7 ployed by the current employer of the debtor, and the com-
8 pensation received by the debtor from the current em-
9 ployer of the debtor.

10 “(j)(1) The head of an executive, judicial, or legisla-
11 tive agency that contracts with a private collection con-
12 tractor to collect a debt owed to the agency, or a guaranty
13 agency or institution of higher education that contracts
14 with a private collection contractor to collect a debt owed
15 under any loan program authorized under title IV of the
16 Higher Education Act of 1965, shall include a provision
17 in the contract that the contractor—

18 “(A) shall be subject to penalties under the con-
19 tract if the contractor fails to comply with any re-
20 strictions imposed under applicable law on the collec-
21 tion activities of debt collectors; and

22 “(B) shall be subject to penalties under the
23 contract if the contractor engages in unreasonable or
24 abusive debt collection practices in connection with
25 the collection of debt under the contract.

1 “(2) Notwithstanding any other provision of law—

2 “(A) a private collection contractor under this
3 section shall not be subject to any liability or con-
4 tract penalties in connection with efforts to collect a
5 debt owed to an executive, judicial, or legislative
6 agency, or owed under any loan program authorized
7 under title IV of the Higher Education Act of 1965,
8 by reason of actions required by the contract, or by
9 applicable law or regulations; and

10 “(B) such a contractor shall not be subject to
11 payment of statutory damages or attorney’s fees by
12 reason of any action in connection with efforts to
13 collect such a debt, except in a case of bad faith or
14 intentional misconduct by the contractor.

15 “(k) Performance of a contractor under any contract
16 for the performance of debt collection services entered into
17 by a Federal agency, including without limitation any con-
18 tract in effect on the date of enactment of the Government
19 Waste, Fraud, and Error Reduction Act of 1998, shall be
20 measured, and allocation of account placements and bonus
21 compensation shall be determined, solely through an eval-
22 uation methodology that bases not less than 50 percent
23 of the contractor’s score under such evaluation on the con-
24 tractor’s gross collections net of commissions (as a per-
25 centage of account amounts placed with the contractor)

1 under the contract. The frequency of valid borrower com-
2 plaints shall be considered in the evaluation criteria.

3 “(3) In selecting contractors for performance of col-
4 lection services, the head of an executive, judicial, or legis-
5 lative agency shall evaluate bids received through a meth-
6 odology that bases not less than 50 percent of the bidder’s
7 score in such evaluation on the bidder’s prior performance
8 in terms of net amounts collected under government col-
9 lection contracts of similar size. The frequency of valid
10 borrower complaints shall be considered in the evaluation
11 criteria.”.

12 (3) CONSTRUCTION.—None of the amendments
13 made by this subsection shall be construed as alter-
14 ing or superseding the provisions in section 362 of
15 title 11, United States Code.

16 (f) CLERICAL AMENDMENT.—Section 3720A(h) of
17 title 31, United States Code, is amended—

18 (1) beginning in paragraph (3), by striking the
19 close quotation marks and all that follows through
20 the matter preceding subsection (i); and

21 (2) by adding at the end the following:

22 “For purposes of this subsection, the disbursing official
23 for the Department of the Treasury is the Secretary of
24 the Treasury or his or her designee.”.

1 (g) CORRECTION OF REFERENCES TO FEDERAL
2 AGENCY.—(1) Sections 3716(c)(6) and 3720A(a), (b), (c),
3 and (e) of title 31, United States Code, are each amended
4 by striking “Federal agency” each place it appears and
5 inserting “executive, judicial, or legislative agency”.

6 (2) Section 3716(h)(2)(C), of title 31, United States
7 Code, is amended by striking “a Federal agency” and in-
8 serting “an executive, judicial, or legislative agency”.

9 (h) CLARIFICATION OF INAPPLICABILITY OF ACT TO
10 CERTAIN AGENCIES.—Notwithstanding any other provi-
11 sion of law, no provision in this Act, the Debt Collection
12 Improvement Act of 1996 (chapter 10 of title III of Public
13 Law 104–134; 31 U.S.C. 3701 note), chapter 37 or sub-
14 chapter II of chapter 33 of title 31, United States Code,
15 or any amendments made by such Acts or any regulations
16 issued thereunder, shall apply to activities carried out pur-
17 suant to a law enacted to protect, operate, and administer
18 any deposit insurance funds, including the resolution and
19 liquidation of failed or failing insured depository institu-
20 tions.

21 (i) CONTRACTS FOR COLLECTION SERVICES.—Sec-
22 tion 3718 of title 31, United States Code, is amended—

23 (1) in the first sentence of subsection (b)(1)(A),
24 by inserting “, or any monetary claim, including any

1 claims for civil fines or penalties, asserted by the At-
 2 torney General” before the period;

3 (2) in the third sentence of subsection
 4 (b)(1)(A)—

5 (A) by inserting “or in connection with
 6 other monetary claims” after “collection of
 7 claims of indebtedness”;

8 (B) by inserting “or claim” after “the in-
 9 debtedness”; and

10 (C) by inserting “or other person” after
 11 “the debtor”; and

12 (3) in subsection (d), by inserting “or any other
 13 monetary claim of” after “indebtedness owed”.

14 **SEC. 202. BARRING DELINQUENT FEDERAL DEBTORS FROM**
 15 **OBTAINING FEDERAL BENEFITS.**

16 (a) IN GENERAL.—Section 3720B of title 31, United
 17 States Code, is amended to read as follows:

18 **“§ 3720B. Barring delinquent Federal debtors from**
 19 **obtaining Federal benefits**

20 “(a)(1) A person shall not be eligible for the award
 21 or renewal of any Federal benefit described in paragraph

22 (2) if the person has an outstanding nontax debt that is
 23 in a delinquent status with any executive, judicial, or legis-
 24 lative agency, as determined under standards prescribed
 25 by the Secretary of the Treasury. Such a person may ob-

tain additional Federal benefits described in paragraph (2) only after such delinquency is resolved in accordance with those standards.

“(2) The Federal benefits referred to in paragraph (1) are the following:

“(A) Financial assistance in the form of a loan (other than a disaster loan) or loan insurance or guarantee.

“(B) Any Federal permit or license otherwise required by law.

“(b)(1) The Secretary of the Treasury may exempt any class of claims from the application of subsection (a) at the request of an executive, judicial, or legislative agency.

“(2) The Secretary of the Treasury may waive the application of subsection (a) with respect to any Federal permit or license otherwise required by law.

“(c)(1) The head of any executive, judicial, or legislative agency may waive the application of subsection (a) to any Federal benefit that is administered by the agency based on standards promulgated by the Secretary of the Treasury.

“(2) The head of an executive, judicial, or legislative agency may delegate the waiver authority under paragraph (1) to the chief financial officer of the agency.

1 “(3) The chief financial officer of an agency to whom
 2 waiver authority is delegated under paragraph (2) may re-
 3 delegate that authority only to the deputy chief financial
 4 officer of the agency. The deputy chief financial officer
 5 may not redelegate such authority.

6 “(d) As used in this section—

7 “(1) the term ‘nontax debt’ means any debt
 8 other than a debt under the Internal Revenue Code
 9 of 1986 or the Tariff Act of 1930; and

10 “(2) the term ‘nontax claim’ means any claim
 11 other than a claim under the Internal Revenue Code
 12 of 1986 or the Tariff Act of 1930.”.

13 (b) CLERICAL AMENDMENT.—The table of sections
 14 at the beginning of chapter 37 of title 31, United States
 15 Code, is amended by striking the item relating to section
 16 3720B and inserting the following:

 “3720B. Barring delinquent Federal debtors from obtaining Federal benefits.”.

17 (c) CONSTRUCTION.—The amendment made by this
 18 section shall not be construed as altering or superseding
 19 the provisions in section 525 of title 11, United States
 20 Code.

21 **SEC. 203. COLLECTION AND COMPROMISE OF NONTAX**
 22 **DEBTS AND CLAIMS.**

23 (a) USE OF PRIVATE COLLECTION CONTRACTORS
 24 AND FEDERAL DEBT COLLECTION CENTERS.—Para-

1 graph (5) of section 3711(g) of title 31, United States
2 Code, is amended to read as follows:

3 “(5)(A) Nontax debts referred or transferred under
4 this subsection shall be serviced, collected, or com-
5 promised, or collection action thereon suspended or termi-
6 nated, in accordance with otherwise applicable statutory
7 requirements and authorities.

8 “(B) The head of each executive agency that operates
9 a debt collection center may enter into an agreement with
10 the Secretary of the Treasury to carry out the purposes
11 of this subsection.

12 “(C) The Secretary of the Treasury shall—

13 “(i) maintain a schedule of private collection
14 contractors and debt collection centers operated by
15 agencies that are eligible for referral of claims under
16 this subsection;

17 “(ii) maximize collections of delinquent debts by
18 referring delinquent debts promptly;

19 “(iii) maintain competition between private col-
20 lection contractors;

21 “(iv) ensure, to the maximum extent prac-
22 ticable, that a private collection contractor to which
23 a debt is referred is responsible for any administra-
24 tive costs associated with the contract under which
25 the referral is made.

1 “(D) As used in this paragraph—

2 “(i) the term ‘nontax debt’ means any debt
3 other than a debt under the Internal Revenue Code
4 of 1986 or the Tariff Act of 1930; and

5 “(ii) the term ‘nontax claim’ means any claim
6 other than a claim under the Internal Revenue Code
7 of 1986 or the Tariff Act of 1930.”.

8 (b) LIMITATION ON DISCHARGE BEFORE USE OF
9 PRIVATE COLLECTION CONTRACTOR OR DEBT COLLEC-
10 TION CENTER.—Paragraph (9) of section 3711(g) of title
11 31, United States Code, is amended—

12 (1) by redesignating subparagraphs (A) through
13 (H) as clauses (i) through (viii);

14 (2) by inserting “(A)” after “(9)”;

15 (3) in subparagraph (A) (as designated by
16 paragraph (2) of this subsection) in the matter pre-
17 ceding clause (i) (as designated by paragraph (1) of
18 this subsection), by inserting “and subject to sub-
19 paragraph (B)” after “as applicable”; and

20 (4) by adding at the end the following:

21 “(B)(i) The head of an executive, judicial, or legisla-
22 tive agency may not discharge a debt or terminate collec-
23 tion action on a debt unless the debt has been referred
24 to a private collection contractor or a debt collection cen-
25 ter, referred to the Attorney General for litigation, sold

1 without recourse, administrative wage garnishment has
2 been undertaken, or in the event of bankruptcy, death, or
3 disability.

4 “(ii) The Secretary of the Treasury may, at the re-
5 quest of an agency, waive the application of clause (i) to
6 any debt, or class of debts, if the Secretary of the Treas-
7 ury determines that the waiver is in the best interest of
8 the United States.”.

9 **TITLE III—SALE OF DEBTS OWED** 10 **TO UNITED STATES**

11 **SEC. 301. AUTHORITY TO SELL DEBTS.**

12 (a) PURPOSE.—The purpose of this section is to pro-
13 vide that the head of each executive, judicial, or legislative
14 agency shall establish a program of debt sales in order
15 to—

16 (1) minimize the loan and debt portfolios of the
17 agency;

18 (2) improve credit management while serving
19 public needs;

20 (3) reduce delinquent debts held by the agency;

21 (4) obtain the maximum value for loan and
22 debt assets; and

23 (5) obtain valid data on the amount of the Fed-
24 eral subsidy inherent in loan programs conducted

1 pursuant to the Federal Credit Reform Act of 1990
2 (Public Law 93–344).

3 (b) SALES AUTHORIZED.—(1) The head of an execu-
4 tive, judicial, or legislative agency may sell, subject to sec-
5 tion 504(b) of the Federal Credit Reform Act of 1990 (2
6 U.S.C. 661c(b)) and using competitive procedures, any
7 nontax debt owed to the United States that is adminis-
8 tered by the agency.

9 (2) Costs the agency incurs in selling debt pursuant
10 to this section may be deducted from the proceeds received
11 from the sale. Such costs may include, but are not limited
12 to—

13 (A) the costs of computer hardware and soft-
14 ware, processing and telecommunications equipment,
15 other equipment, supplies, and furniture;

16 (B) personnel training and travel costs;

17 (C) other personnel and administrative costs;

18 (D) the costs of any contract for identification,
19 billing, or collection services;

20 (E) the costs of contractors assisting in the sale
21 of debt;

22 (F) the fees of appraisers, auctioneers, and re-
23 alty brokers;

24 (G) the costs of advertising and surveying; and

1 (H) other reasonable costs incurred by the
2 agency.

3 (3) Sales of debt under this section—

4 (A) shall be for—

5 (i) cash; or

6 (ii) cash and a residuary equity, joint ven-
7 ture, or profit participation, if the head of the
8 agency, in consultation with the Director of the
9 Office of Management and Budget and the Sec-
10 retary of the Treasury, determines that the pro-
11 ceeds will be greater than the proceeds from a
12 sale solely for cash;

13 (B) shall be without recourse against the
14 United States, but may include the use of guaran-
15 tees if otherwise authorized by law; and

16 (C) shall transfer to the purchaser all rights of
17 the United States to demand payment of the debt,
18 other than with respect to a residuary equity, joint
19 venture, or profit participation under subparagraph
20 (A)(ii).

21 (c) EXISTING AUTHORITY NOT AFFECTED.—This
22 section is not intended to limit existing statutory authority
23 of the head of an executive, judicial, or legislative agency
24 to sell loans, debts, or other assets.

1 **SEC. 302. REQUIREMENT TO SELL CERTAIN DEBTS.**

2 (a) SALE OF DELINQUENT LOANS.—The head of
3 each executive, judicial, or legislative agency shall sell any
4 nontax loan owed to the United States by the later of—

5 (1) the date on which the debt becomes 24
6 months delinquent; or

7 (2) 24 months after referral of the debt to the
8 Secretary of the Treasury pursuant to section
9 3711(g)(1) of title 31, United States Code. Sales
10 under this subsection shall be conducted under the
11 authority in section 301.

12 (b) SALE OF NEW LOANS.—The head of each execu-
13 tive, judicial, or legislative agency shall sell each loan obli-
14 gation arising from a program administered by the agen-
15 cy, not later than 6 months after the loan is disbursed,
16 unless the head of the agency determines that the sale
17 would interfere with the mission of the agency administer-
18 ing the program under which the loan was disbursed, or
19 the head of the agency, in consultation with the Director
20 of the Office of Management and Budget and the Sec-
21 retary of the Treasury, determines that a longer period
22 is necessary to protect the financial interests of the United
23 States. Such loan obligations shall be audited annually in
24 accordance with generally accepted audit standards. Sales
25 under this subsection shall be conducted under the author-
26 ity in section 301.

1 (c) SALE OF DEBTS AFTER TERMINATION OF COL-
2 LECTION ACTION.—After terminating collection action,
3 the head of an executive, judicial, or legislative agency
4 shall sell, using competitive procedures, any nontax debt
5 or class of debts owed to the United States unless the head
6 of the agency, in consultation with the Director of the Of-
7 fice of Management and Budget and the Secretary of the
8 Treasury, determines that the sale is not in the best finan-
9 cial interests of the United States. Such debts shall be
10 audited annually in accordance with generally accepted
11 audit standards.

12 (d) LIMITATIONS.—(1) The head of an executive, ju-
13 dicial, or legislative agency shall not, without the approval
14 of the Attorney General, sell any debt that is the subject
15 of an allegation of or investigation for fraud, or that has
16 been referred to the Department of Justice for litigation.

17 (2) The head of an executive, judicial, or legislative
18 agency may exempt from sale any class of debts if the
19 head of the agency determines that the sale would inter-
20 fere with the mission of the agency administering the pro-
21 gram under which the indebtedness was incurred.

1 **TITLE IV—TREATMENT OF HIGH**
2 **VALUE NONTAX DEBTS**

3 **SEC. 401. ANNUAL REPORT ON HIGH VALUE NONTAX**
4 **DEBTS.**

5 (a) IN GENERAL.—Not later than 90 days after the
6 end of each fiscal year, the head of each agency that ad-
7 ministers a program that gives rise to a delinquent high
8 value nontax debt shall submit a report to Congress that
9 lists each such debt.

10 (b) CONTENT.—A report under this section shall, for
11 each debt listed in the report, include the following:

12 (1) The name of each person liable for the debt,
13 including, for a person that is a company, coopera-
14 tive, or partnership, the names of the owners and
15 principal officers.

16 (2) The amounts of principal, interest, and pen-
17 alty comprising the debt.

18 (3) The actions the agency has taken to collect
19 the debt, and prevent future losses.

20 (4) Specification of any portion of the debt that
21 has been written-down administratively or due to a
22 bankruptcy proceeding.

23 (5) An assessment of why the borrower de-
24 faulted.

25 (c) DEFINITIONS.—In this subsection:

1 (1) AGENCY; DEBT.—Each of the terms “agen-
2 cy” and “debt” has the meaning that term has in
3 chapter 37 of title 31, United States Code, as
4 amended by this Act.

5 (2) HIGH VALUE NONTAX DEBT.—The term
6 “high value nontax debt” means a nontax debt hav-
7 ing an outstanding value (including principal, inter-
8 est, and penalties) that exceeds \$1,000,000.

9 **SEC. 402. REVIEW BY INSPECTORS GENERAL.**

10 (a) INSPECTOR GENERAL REPORTS.—The Inspector
11 General of each agency shall review the annual report to
12 Congress required in section 401 and make such rec-
13 ommendations as necessary to improve performance of the
14 agency. Each Inspector General shall periodically review
15 and report to Congress on the agency’s debt collection
16 management practices. As part of such reviews, the In-
17 specter General shall examine agency efforts to reduce the
18 aggregate amount of high value nontax debts that are re-
19 solved in whole or in part by compromise, default, or bank-
20 ruptcy.

21 (b) REPORT BY THE PRESIDENT’S COUNCIL ON IN-
22 TEGRITY AND EFFICIENCY.—Not later than 270 days
23 after the end of each fiscal year, the President’s Council
24 on Integrity and Efficiency shall submit a report to the
25 Committee on Government Reform and Oversight of the

1 House of Representatives and the Committee on Govern-
 2 mental Affairs of the Senate which summarizes the re-
 3 views conducted by the inspector general under this sec-
 4 tion. Notwithstanding the preceding sentence, the Chair-
 5 man of the President’s Council on Integrity and Efficiency
 6 may submit such report in conjunction with an annual re-
 7 port on the collection of debts owed to the United States.

8 **SEC. 403. REQUIREMENT TO SEEK SEIZURE AND FORFEIT-**
 9 **URE OF ASSETS SECURING HIGH VALUE**
 10 **NONTAX DEBT.**

11 The head of an agency authorized to collect a high
 12 value nontax debt that is delinquent shall, when appro-
 13 priate, promptly seek seizure and forfeiture of assets
 14 pledged to the United States in any transaction giving rise
 15 to the nontax debt. When an agency determines that sei-
 16 zure or forfeiture is not appropriate, the agency shall in-
 17 clude a justification for such determination in the report
 18 under section 401.

19 **TITLE V—FEDERAL PAYMENTS**

20 **SEC. 501. TRANSFER OF RESPONSIBILITY TO SECRETARY**
 21 **OF THE TREASURY WITH RESPECT TO**
 22 **PROMPT PAYMENT.**

23 (a) DEFINITION.—Section 3901(a)(3) of title 31,
 24 United States Code, is amended by striking “Director of

1 the Office of Management and Budget” and inserting
2 “Secretary of the Treasury”.

3 (b) INTEREST.—Section 3902(c)(3) of title 31,
4 United States Code, is amended by striking “Director of
5 the Office of Management and Budget” and inserting
6 “Secretary of the Treasury”.

7 (c) REGULATIONS.—Section 3903(a) of title 31,
8 United States Code, is amended by striking “Director of
9 the Office of Management and Budget” and inserting
10 “Secretary of the Treasury”.

11 (d) REPORTS.—Section 3906(a)(1) of title 31, United
12 States Code, is amended by striking “Director of the Of-
13 fice of Management and Budget” each place it appears
14 and inserting “Secretary of the Treasury”.

15 **SEC. 502. PROMOTING ELECTRONIC PAYMENTS.**

16 (a) EARLY RELEASE OF ELECTRONIC PAYMENTS.—
17 Section 3903(a) of title 31, United States Code, is amend-
18 ed—

19 (1) by amending paragraph (1) to read as fol-
20 lows:

21 “(1) provide that the required payment date
22 is—

23 “(A) the date payment is due under the
24 contract for the item of property or service pro-
25 vided; or

1 “(B) no later than 30 days after a proper
2 invoice for the amount due is received if a spe-
3 cific payment date is not established by con-
4 tract;”; and

5 (2) by striking “and” after the semicolon at the
6 end of paragraph (8), by striking the period at the
7 end of paragraph (9) and inserting “; and”, and by
8 adding at the end the following:

9 “(10) provide that the Secretary of the Treas-
10 ury may waive the application of requirements under
11 paragraph (1) to provide for early payment of ven-
12 dors in cases where an agency will implement an
13 electronic payment technology which improves agen-
14 cy cash management and business practice.”.

15 (b) AUTHORITY TO ACCEPT ELECTRONIC PAY-
16 MENT.—

17 (1) IN GENERAL.—Subject to an agreement be-
18 tween the head of an executive agency and the appli-
19 cable financial institution or institutions based on
20 terms acceptable to the Secretary of the Treasury,
21 the head of such agency may accept an electronic
22 payment, including debit and credit cards, to satisfy
23 a debt owed to the agency.

24 (2) GUIDELINES FOR AGREEMENTS REGARDING
25 PAYMENT.—The Secretary of the Treasury shall de-

- 1 velop guidelines regarding agreements between agen-
- 2 cies and financial institutions under paragraph (1).

Passed the House of Representatives October 14,
1998.

Attest:

Clerk.