



Administrative Offset Debt Owed to Federal Agencies

Under law, delinquent debt owed to Federal agencies must be offset against any payments due from the Federal Government. The Debt Collection Improvement Act of 1996 (DCIA), effective April 26, 1996, was passed to increase collections of Federal non-tax debt.

The Farm Service Agency (FSA) is required to collect payments that otherwise would be made to producers/borrowers who owe Commodity Credit Corporation (CCC), or delinquent direct farm loan program debt, unless the borrower can present an acceptable plan to resolve the delinquency. FSA is also required to offset payments to guaranteed farm loan program debtors who received loans after July 20, 2001, if a final loss claim has been paid on a loan. Payments subject to offset are issued by the United States and include:

- Program payments;
- Tax refunds;
- Federal salary offset, including military pay;
- Federal retirement pay, including military retirement pay;
- Contract or vendor payments;
- Social Security, including Social Security Disability;
- Railroad retirement, other than tier two payments; and
- Black lung.

FSA is committed to working with producers/borrowers to assist them in resolving any delinquency. If loan restructure is not feasible, interest rates may be lowered or the debt may be written down under certain circumstances. If the borrower has accepted a written offer from FSA to restructure the account, payments will not be offset. If the borrower presents an acceptable written plan that can be approved by FSA and will resolve the delinquency, the offset can be lifted. Guaranteed debtors can submit an offer directly to FSA to settle their Federal debt after a final loss claim has been paid.

All USDA payments due delinquent producers/borrowers will be offset unless a statutory provision bars that action.

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