

Chapter 735

INDEBTEDNESS

1. **POLICY.** Current policy states that employees shall satisfy in good faith their obligations as citizens, including all just financial obligations, especially those – such as Federal, state, or local taxes – that are imposed by law. A debt is primarily viewed as a personal matter between the debtor and the creditor, unless it is established that the employee's nonpayment of the debt has or will have a deleterious effect on the employee's performance or on the ability of the activity to perform its mission. Indebtedness may result in denial or revocation of security clearance or garnishment of an employee's pay. Questions regarding security considerations should be directed to activity Security Managers.

2. **ASSISTANCE.** Please refer to Chapter 001 of this Manual for the telephone number to call for additional information or further assistance relative to this Chapter.

3. PROCEDURES

a. *Debts subject to garnishment:*

(1) Obligations of alimony and child support.

(2) Debts to the United States.

(3) Debts to satisfy a tax liability.

(4) Commercial debts. Writs (garnishments) from any "court of competent jurisdiction" (usually a state court) that orders a salary garnished. The legal review of commercial debts for DOD civilians will be performed by the Defense Finance and Accounting Service, Cleveland Center, Office of General Counsel (DFAS-GAG/CL). Commercial garnishments received should be returned to the sender advising them to submit the garnishment to DFAS-GAG/CL, 1240 E. 9th Street, Cleveland, Ohio 44199-8002.

b. *Debts not subject to garnishment:*

(1) No action shall be taken on oral complaints of indebtedness.

(2) When a letter is received in an activity from a private business or individual alleging indebtedness, the immediate supervisor should counsel the employee about this indebtedness and stress DON's policy that its personnel honor all just financial debts. Additionally, the supervisor should give the employee a copy of the letter that has been received from the creditor, advise the employee to contact the creditor to resolve the problem, and instruct the employee to provide evidence of the outcome. The supervisor should also advise the employee that failure to honor just debts may reflect on an employee's suitability for continued employment with DON. The originator of the letter should be notified that the debt has been discussed with the employee, but that the government can take no other action regarding collection of the debt. The activity

Security Manager should be advised of the matter if the employee occupies a position requiring a security clearance.