

ELM 450 Collection of Postal Debts

From Nonbargaining Unit Employees by Salary Offset

# **EAS Appeal Process**

## **ELM 450 Debt Collection**



***Zoom Into Training!***

Presented by Brian J. Wagner

NAPS Past National President



# NAPS Disciplinary Defense Fund (DDF)\*

## Cases By Infraction

### NAPS FY2023

1. Performance – 23
2. Finance -14
3. Falsification – 13
4. Sexual Misconduct – 9
5. Attendance - 9



### NAPS FY2024

1. Performance – 35
2. Finance - 29
3. Attendance - 12
4. Falsification - 10
5. Sexual Misconduct - 8  
Violence - 8
6. Theft - 5

\* As reported at the 2023 and 2024 NAPS Fall Executive Board Meeting



## Understanding Changes the Debt Collection Process (ELM 450)

- In 2020, the Postal Service began implementing changes to procedures for handling debts the agency claimed were owed by nonbargaining-unit employees.
- Letter of Debt Determination (LODD) and Notice of Involuntary Administrative Salary Offset Under the Debt Collection Act are issued from the Office of Accounting Services (USPS Disbursing Office, Eagan, MN).
- EAS's manager no longer issues the LODD or Notice.
- Overall, debt-collection procedure remain the same. However, changes are outlined in *ELM* Section 452.2, "Voluntary Repayment Procedures."



# ELM 450 Collection of Postal Debts From Nonbargaining Unit Employees by Salary Offset

## **451 General**

### **451.1 Scope**

These regulations apply to the collection, by salary offset, of any debt owed the Postal Service by a current employee who is not included in a collective bargaining unit. The regulations in [452.3](#) may also apply to the collection of any debt owed the Postal Service by a current employee who is included in a collective bargaining unit.

### **451.2 Representation**

Employees have the right to representation and free choice of representative. If the employee's designated representative is a Postal Service employee in a duty status, the representative is granted a reasonable amount of official time to perform any function for the employee that is authorized by these regulations.

## **ELM 651.2 Representation**

Subject to prohibitions regarding Executive and Administrative Schedule (EAS)/Craft representation, employees have free choice of representation.





## \* What Could Be Some Debt Collection Charges?

- Stamp Stock shortage after audit/count of Main Stock
  - ❖ Transfer of office to another EAS
  - ❖ Regularly scheduled audit
  - ❖ Surprise USPS audit by USPS leadership
- Payroll Issues due to:
  - ❖ Higher-Level error
  - ❖ Retroactive Form 50 Change related to promotion
  - ❖ T-time for exempt not approved
  - ❖ Night Differential – Holiday Pay
- USPS Health Benefits due to non-pay status
- Annual or Sick Leave repayment
- USPS Travel for training
- Salary Advances
- Settling Union Grievance for excessive amount without authority

\* Not limited to the above – may be other reasons for debt



# ELM 450 Collection of Postal Debts

## From Nonbargaining Unit Employees by Salary Offset

### 452.2 Voluntary Repayment Procedures

#### 452.21 General

The procedures in this section are intended to facilitate the informal resolution of employee-owed debts.

#### 452.22 Notice to Employee

The Postal Service will send the employee an invoice reflecting an employee-owed debt with written notice of the Postal Service's determination of the existence, nature, and amount of the debt.

Known as a ***Letter of Debt Determination (LODD)***



It is **NOT** a “***Letter of Demand***” – ***LOD’s for Craft employees***



## **NAPS Members Options Regarding a Debt Collection Charge**

### **452.23 Options Available to Employee**

#### **Voluntary Repayment - Member Does Not Appeal the Debt**

- **Pays Debt in Full within 30 days**
  - Submit Check or Money Order
  - Pay by Credit Card or Debit Card
- **Consent to Offsets to Pay Debt - Member Does Not Appeal Debt**
  - Employee repays the debt voluntarily through offsets of 15 percent (15%) or more of their disposable pay.
  - Contacts the appropriate official at the address listed on the employee's "Letter of Debt Determination – Nonbargaining."
  - Completes the Employee Debt Modification Request through eIWS OnLine forms no later than 30 calendar days from the date the employee received the letter, or within 15 calendar days from the date the employee received any requested records.
  - If necessary, this request form can be initiated with the local supervisor's or manager's assistance.



### 452.23 Options Available to Employee

Employees who must repay a debt may do either of the following:

a. *Pay in Full.* Employees who want to repay the entire debt must do the following:

1. Submit a check or money order to the appropriate official and address listed on the employee's "Letter of Debt Determination – Nonbargaining."
2. Write the employee's Employee Identification Number (EIN) on the check or money order.
3. Write the check or money order for the full amount due.
4. Submit the check or money order no later than 30 calendar days from the date the employee received the letter if the employee does not request copies of postal records relating to the debt, or within 15 calendar days from the date the employee received requested records.
5. To pay by credit or debit card, employees must have a valid email address and send an email with their name, employee ID number, invoice number, and total amount to be paid to [YVVQJ0@usps.gov](mailto:YVVQJ0@usps.gov). They will receive an email with a secure link to pay online. Employees with questions about paying by credit or debit card may call the Financial Processing phone number at the top of the invoice.

b. *Consent to Offsets.* Employees who would like to repay the debt voluntarily through offsets of 15 percent or more of their disposable pay must do the following:

1. Contact the appropriate official at the address listed on the employee's "Letter of Debt Determination – Nonbargaining."
2. Complete the Employee Debt Modification Request through eIWS OnLine forms no later than 30 calendar days from the date the employee received the letter if the employee does not request copies of postal records relating to the debt, or within 15 calendar days from the date the employee received any requested records. If necessary, this request form can be initiated with the local supervisor's or manager's assistance.





## **NAPS Members Options Regarding a Debt Collection Charge Ignores the LODD (Debt Notice) / Fails to Respond**

- Within 15 days from receipt of LODD, employee will receive from USPS Eagan a ***Notice of Involuntary Administrative Salary Offsets Under the Debt Collection Act.***
- After receiving Involuntary Salary Offset Notice, if employee fails to repay the debt and does not request a hearing on determination of the debt, the Postal Service will collect the debt by automatic payroll deductions at a rate of 15 percent.
- If employee fails to request a debt collection hearing before the 15-day deadline after receipt of the Offset Notice, employee owes the debt and there is **NO** retroactive appeal! USPS Debt owed is final!



## NAPS Members Options Regarding a Debt Collection Charge

- **Requests for Postal Records**

- Option 1: Employees who would like copies of records relating to a postal debt must notify the postmaster or installation head in writing within 10 calendar days of receiving notice of the Postal Service's ***Letter of Debt Determination*** of a debt.
- *Option 2: Employee Must Submit Request for records within 10 calendar days after receiving notice of the Postal Service's intention to collect a debt through Involuntary Salary Offset Notice and before any requested hearing*
- Requesting debt collection postal records does **NOT** stop the debt collection appeal clock. It just provides the employee an option to review the records.
- If NAPS member requests postal records and is still waiting to receive them, they **MUST** still file a petition within the 15 calendar days from receipt of Involuntary Offset Notice to appeal. Otherwise, the petition would be untimely.

## ELM 450 Collection of Postal Debts From Nonbargaining Unit Employees by Salary Offset

### 452.24 Employee Response to Notice

#### 452.241 Request for Copies of Postal Records

Employees who would like copies of records relating to a postal debt must notify the postmaster or installation head in writing within 10 calendar days of receiving notice of the Postal Service's determination of a debt. The postmaster or installation head is responsible for the following:

- a. Requesting copies of the pertinent records by telephone, if necessary, from the Eagan Accounting Service Center (ASC), appropriate postal facility, or both.
- b. Providing the employee with copies of these records within 5 calendar days of receiving the employee's written request.

Until collection of the debt is completed, the postmaster or installation head must keep a copy of all records provided to the employee.

#### 452.332 Requests for Postal Records

If an employee wishes copies of records, the following procedures apply:

- a. *Employee Must Submit Request.* Within 10 calendar days after receiving notice of the Postal Service's intention to collect a debt through involuntary salary offsets and before any requested hearing is held, bargaining unit and nonbargaining unit employees have the following options:
  1. *Nonbargaining unit employees* — may request copies of any records they did not previously obtain under [452.241](#) related to the debt.



# ELM 450 Collection of Postal Debts From Nonbargaining Unit Employees by Salary Offset

## 452.32 Notifying the Employee

### 452.321 Notice

If the employee fails to resolve a debt within 15 days of receiving a Letter of Debt Determination, the Eagan ASC will provide the employee with the following:

- a. *A Notice of Involuntary Administrative Salary Offsets Under the Debt Collection Act* (see [452.322](#)).
- b. A copy of the procedures that govern hearings under section 5 of the Debt Collection Act.

The notice will explain the employee's procedural rights, including the right to petition the Postal Service judicial officer for a hearing to challenge the existence or the amount of the debt or the Postal Service's proposed offset schedule. If the employee fails to petition the judicial officer within the applicable time frames (see [452.335](#)) or to take other action to stay collection, the Eagan ASC will implement an appropriate salary offset no sooner than 30 days after the date of the notice.



Contact NAPS Representatives  
**ASAP – DO NOT DELAY!**



## NAPS Members Options Regarding a Debt Collection Charge



### **Do Not Pay the Debt Appeal the Debt via NAPS DDF**

- Member must wait to receive USPS ***Notice of Involuntary Administrative Salary Offsets Under the Debt Collection Act*** before appealing USPS debt.
- 15 Days to file Debt Collection Petition to Appeal



## Step by Step of Debt Collection Process

1. EAS is issued a letter of debt determination (LODD). The LODD no longer has language stipulating an employee can request records on which the postal official relied to determine the debt. However, the employee can request postal records (see ELM, 452.241).
2. EAS are no longer given the opportunity to request reconsideration of the debt.
3. LODD states employee should make payment within 15 days from receipt of the letter, otherwise, ***“the debt may be considered delinquent and subject to collection under the Debt Collection Act and its associated regulations.”***
4. *This language is very intimidating. However, the agency cannot begin the process of collecting the debt until employee is issued the Notice of Involuntary Administrative Salary Offset.*
5. EAS receives a ***Notice of Involuntary Administrative Salary Offset Under the Debt Collection Act*** if debt is not paid within 15 days.
6. Once an employee receives the ***Notice of Involuntary Administrative Salary Offset***, NAPS DDF provider has only 15 calendar days from the day of receipt to file the petition to the judicial office.

**NOTE:** If NAPS member requested records and still are waiting for a response, NAPS DDF provider **MUST** still file the petition within the 15 calendar days. Otherwise, it would be untimely.



# Appealing A USPS Debt Collection Notice (ELM 450)

## Action by NAPS Representative

- **Verifies NAPS Membership** – DCO or call NAPS HQ
- **Gathers NAPS Member's Information for Grievance**
  - Name, address;
  - non-postal email;
  - personal phone #;
  - USPS Title/Level and Office of domicile.
- **Is aware of Debt Collection 15 Day Petition Deadline for DDF Provider**
- **Have NAPS Member sign "Request for Representation & Release Form"** Employee has free choice of representation (Per ELM 451.2 Representation)
- **Complete NAPS Disciplinary Defense Fund (DDF) Representation Request Form**



## National Association of Postal Supervisors

### Request for Representation & Release Form

I, \_\_\_\_\_, a dues paying member in good standing with the National Association of Postal Supervisors, Branch \_\_\_\_\_, request disciplinary representation from NAPS Branch \_\_\_\_\_.

On (date) \_\_\_\_\_, 20\_\_\_\_, I was issued discipline in the form of a \_\_\_\_\_

(Letter of Warning--LOW, Letter of Warning in lieu of a seven (7) day suspension, Letter of Warning in lieu of a fourteen (14) day suspension, **adverse action -- removal, suspension of more than 14 days, furlough, or reduction in grade/pay.**)

I understand that NAPS Branch \_\_\_\_\_ reserves the right to provide representation. I also understand that Branch \_\_\_\_\_ and their elected officers nor members are not paid employees of the NAPS organization nor are they legally bound to provide representation. I further understand that NAPS Branch \_\_\_\_\_ and its officers are not lawyers or legal advisors, and I will not hold them legally or financially responsible for the results that transpire from my disciplinary case.

I agree to cooperate fully with my NAPS representative by providing him/her with factual written statements and documentation to support my disciplinary appeal. If during my disciplinary appeal process, I provide my NAPS representative or any USPS official with false written and/or verbal statements or documentation; NAPS Branch \_\_\_\_\_ may exercise their right to withdraw their representation.

My request for NAPS Branch \_\_\_\_\_ representation is voluntary and is void of duress. I reserve the right and may (verbally or in written form), at anytime during my appeal process, withdraw my request for representation from NAPS Branch \_\_\_\_\_

\_\_\_\_\_  
(Signature of NAPS Member)

\_\_\_\_\_  
(Date)

# NAPS

***“Request for  
Representation & Release  
Form”***

See NAPS.org

under

**Members** tab

***Forms & Documents***

***Section***

***State “Debt Collection” in  
Discipline Section of form***





# ELM 450 Collection of Postal Debts From Nonbargaining Unit Employees by Salary Offset

## NAPS Disciplinary Defense Fund Representation Request Form

DDF Applicant Name: \_\_\_\_\_  
SS#: \_\_\_\_\_

Office: \_\_\_\_\_  
Branch: \_\_\_\_\_

Work Phone: (    ) \_\_\_\_\_  
Home Phone: (    ) \_\_\_\_\_

Date of Notice of Proposed Action  
or Notice of Debt Determination: \_\_\_\_\_

Date of Letter of Decision or  
Notice of Involuntary Offset: \_\_\_\_\_

I request representation from the NAPS Disciplinary Defense Fund (DDF). Representation will be provided by Labor Relations Admin Group, LLC. The representative provided may not be an attorney. The DDF covers fees and expenses up to \$3,500 and all travel costs.

If fees or expenses incurred for my defense are expected to exceed the \$3,500 limit, Labor Relations Admin Group, LLC will notify me, in advance. No additional fees or expenses will be incurred for my representation without my authorization. If I do authorize additional fees and expenses, I will be personally liable to the provider for these additional expenses.

In the event the MSPB should award ~~any payment for my legal fees~~, it is understood that the monies will be used to reimburse the NAPS DDF for monies expended for my representation by Labor Relations Admin Group, LLC to the extent possible under the award.

NOTE: I have been a member of NAPS since: Month \_\_\_\_\_ Year \_\_\_\_\_  
If you have been a NAPS members less than 90 days from the date of the proposed action, you should supply a statement that you signed a NAPS membership application within 30 days of your promotion from the craft.

**60 days of promotion from the craft not 30days** at any time, as Admin Group, LLC of any further obligation regarding my case. Furthermore, I understand that I will have to bear the cost and consequence of any outcome resulting from this action.

Signature of Member \_\_\_\_\_

Signature of Branch President \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

Send this signed form and a copy of the adverse action file by **Express Mail** to:

Labor Relations Admin Group, LLC  
PO Box 25822  
Brooklyn, NY 11202

A copy of this completed DDF form **MUST** be sent to **NAPS Executive Vice President** at NAPS HQ  
NAPS HQ, 1727 King St., STE 400, Alexandria, VA 22314



## Debt Collection Petition

To file a Debt Collection petition, DDF Provider needs the following information & documents:

1. NAPS Disciplinary Defense Fund Representation Request Form
2. Copy of the Notice of Involuntary Administrative Salary offset under the Debt Collection Act
3. Copy of the *Letter of Debt Determination*
4. Do NOT send copies of the case file (***except as indicated above***). The assigned advocate will be advised to contact the sender to forward the case file to him/her.
5. Needs member's name, home address, phone number, and email address.
6. Needs member's work address.
7. Submit to DDF Provider -- **ASAP** -- Mail, email, or fax the appeal as indicated on the next slide.



## ELM 450 Debt Collection Petition

Send case file via mail, email or fax the appeal

**ASAP** to DDF Provider

For debt collection petition, DDF Provider has only **15-days** from the date of receipt to file member's petition.

- Mail via Priority Mail Express:  
Labor Relations Admin Group LLC  
PO Box 25822  
Brooklyn, NY 11202
- Email: [LRAg.PO@GMAIL.COM](mailto:LRAg.PO@GMAIL.COM)
- Fax Number: (718) 425-9873

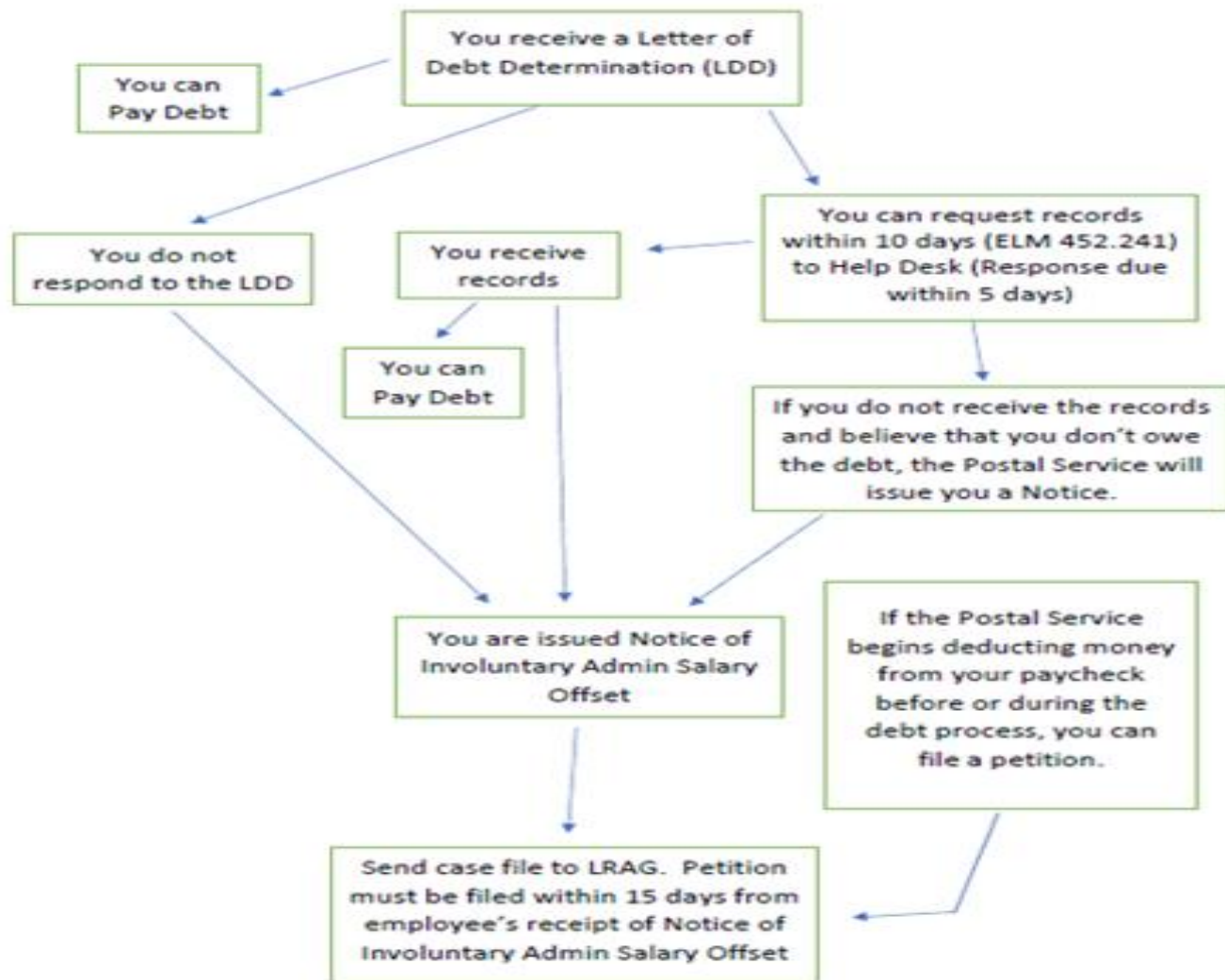
If you chose to Priority Mail Express the case file, please email the tracking number to [LRAg.PO@GMAIL.COM](mailto:LRAg.PO@GMAIL.COM).





# ELM 450

## Labor Relations Admin Group LLC DEBT COLLECTION PETITION FLOW CHART





## **Suggestions to Avoid Debt Collection Petition Involuntary Salary Off-Set**

- Monitor your own annual leave (AL) and sick leave (SL) balances. If AL and/or SL is not deducted, inform your manager in writing of the error.
- Verify all PS Forms 1723's to ensure you are officially on higher-level to be paid higher-level.
- Ensure your higher-level stops when H/L detail ends. Report any discrepancies.
- Report if you are receiving night-differential when not authorized. Report error immediately to have corrected.
- If you are incorrectly overpaid, USPS can collect. USPS error does not give you right to money not earned. Report pay discrepancies ASAP to avoid major debt collection issue.



# NAPS Strategies to Avoid Debt Collection Petition

- Insist in writing for financial training before ever accepting unit reserve (stamp stock) for the first time.
- Verify receipt and shipment of all stamp stock and record immediately in system.
- Witness stock returned to Stamp Distribution Center (SDC).



- Never issue stamp stock to the floor without following proper USPS policy. Don't issue stamps then do paperwork hours or days later.
- Do a regular self-audit of your stamp stock.
- Do regularly scheduled stamp audits per USPS policy.
- Report breaches in security of vault, stamp tampering, computer issues or maintenance of locks that impact stamp accountability.

## ***EAS Charged with Debt Collection for settling financial union grievance***

- All employees are **responsible** for carrying out their duties within the guidelines set forth by manuals, statutes, and instructions from their superiors.
- For the USPS to prevail in a debt collection case for settling financial grievances with monetary awards to the Union and have the EAS pay the money in a Debt Collection charge, the USPS must show how the employee can be held **accountable** to pay the money.
- There is nothing in USPS handbooks/manual (ELM, F-1, F-101...etc.) or statutes that can hold an employee **accountable** and impose a penalty of reimbursement for poor performance.
- Most likely the USPS will lose the debt case. However, . . . .



## ***EAS Charged with Debt Collection for settling financial Grievance***

However, . . . . These are two separate and distinct administrative actions may take at the same time.

**First**, disciplining the EAS employee for settling the grievance by awarding money (charge can be a wide range from failure to follow instructions by settling grievance without authorization, etc.)

**Second**, to have the employee pay back the amount for the money awarded (debt case) and issue discipline, USPS can take both actions simultaneously.

Again, there is nothing in USPS handbooks/manual (ELM, F-1, F-101...etc.) or statutes that can hold an employee **accountable** and impose a penalty of reimbursement for poor performance.

Most likely the USPS will lose the debt case. USPS could possibly win the discipline case related to a large grievance settlement.





## Potential Strategies to Avoid Debt Collection Petition from Grievance Settlements

- EAS involved in union grievances – Always bargain in Good Faith!
- When possible, union grievances should be resolved at the lowest level.
- Do not avoid settling a financial grievances because you are afraid of being charged with Debt Collection by USPS afterwards.
- Union could file grievances (and NLRB complaints) that the designated management official was not bargaining in good faith.



# How Best to Handle Union Grievance Financial Settlements

## One type of case that can be avoided

*Manager/supervisor settled grievances with a monetary award, but he/she exceeded the USPS dollar amount limit and/or authority to make settlement.*

### Best Strategy follow:

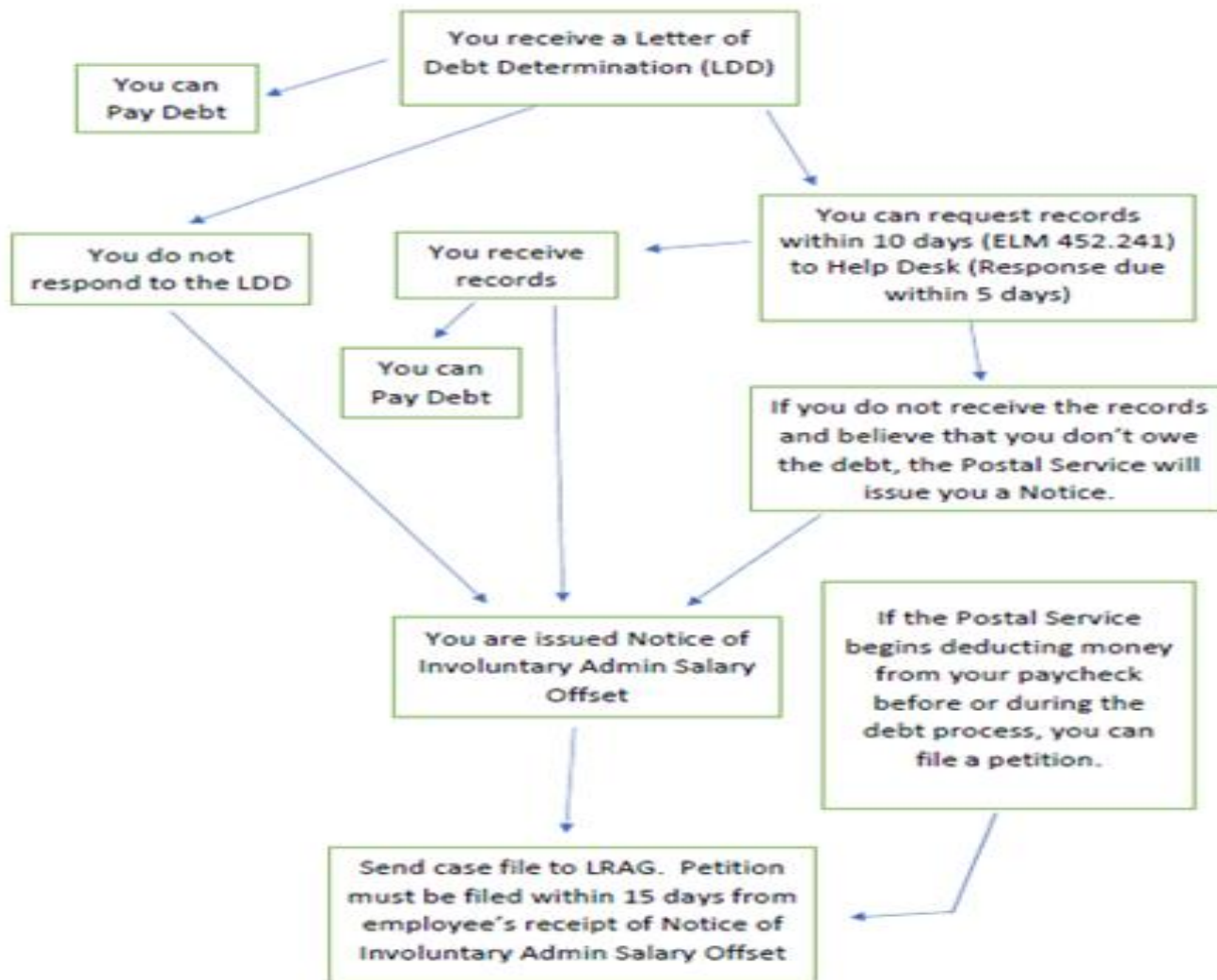
- Don't rush or be pressured by the union into settle an important financial grievance.
- Inform union that you want to review more information about the collective bargaining agreement and facts of the grievance before making a final decision.
- Manager/supervisor should follow the collective bargaining agreements, memorandums including District policies.
- If EAS does not know USPS policies or financial limits of grievance settlements. Seek manager and/or call Labor Relations guidance on USPS policy limits.
- Document all USPS responses and guidance given.
- If manager/supervisor adheres to USPS **Financial \$ policy limits** and guidance they should not get into trouble for settling a financial grievance with the union.
- If EAS exercised good faith with the Postal Union and is not comfortable settling the financial grievance - Don't settle. Move grievance to the next level of process.





# ELM 450

## Labor Relations Admin Group LLC DEBT COLLECTION PETITION FLOW CHART



# *Thank You!*



# *Questions?*