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(d) If the Commission decides that the proposed repayment schedule is acceptable, the agreement shall be put in writing and signed by both the employee and the Commission.

§ 1650.108 Waiver.

The Commission may waive debts, to the extent authorized by 5 U.S.C. 5584, arising out of erroneous payments of pay, when collection would be against equity and good conscience and not in the best interests of the United States, and so long as there is no indication of fraud, fault, or lack of good faith on the part of the employee. Interest, penalties, and administrative costs may also be waived under 31 U.S.C. 3717(h) and 31 CFR 901.9(g), on a case-by-case basis, if collection would be against equity and good conscience and not in the best interests of the United States.

§ 1650.109 Hearing.

(a) *Request for a hearing.* An employee who wants a hearing on the existence of the debt, its amount, or on the proposed offset schedule must send a written request to the official designated in the Notice of Debt. The request for a hearing must be received by the designated office on or before the 15th calendar day following receipt by the employee of the Notice of Debt. The request must be signed by the employee and must contain a brief summary of the facts, evidence, and witnesses, if any, that the employee believes support his or her position. If the employee wants an oral hearing, the request must also explain why the matter cannot be resolved by review of documentary evidence alone (*e.g.*, how an issue of credibility or veracity is involved). Because proof of the existence or amount of a debt rarely requires an evaluation of the credibility of witnesses, oral hearings will only rarely be granted. The timely filing of a request for hearing shall automatically stay the commencement of collection proceedings.

(b) *Failure to timely submit.* If the request for hearing is late, the Commission may still grant the request if the employee can show that the delay was the result of circumstances beyond his or her control or that he or she failed

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to receive actual notice of the filing deadline.

(c) *Procedure*—(1) *Hearing official.* The hearing official will be an Administrative Law Judge or an individual who is not under the supervision or control of the Chair.

(2) *Notice.* The hearing official shall notify the employee whether the hearing will be oral or documentary. If the hearing will be oral, the notice shall set forth the date, time, and location of the hearing, which must occur no more than 30 days after the request is received. If the hearing will be conducted by examination of documents, the employee shall be notified that he or she should submit evidence and arguments in writing to the hearing official by a specified date after which the record shall be closed. This date shall give the employee reasonable time to submit documentation.

(3) *Oral hearing.* The hearing official may grant a request for an oral hearing if he or she determines that the issues raised by the employee cannot be resolved by review of documentary evidence alone (*e.g.*, when credibility or veracity are at issue). An oral hearing is not required to be an adversarial adjudication, and the hearing official is not required to apply rules of evidence. Oral hearings may take the form of, but are not limited to:

(i) Informal conferences with the hearing official in which the employee and agency representative are given a full opportunity to present evidence, witnesses, and argument;

(ii) Informal meetings in which the hearing examiner interviews the employee and, as necessary, others with relevant evidence; or

(iii) Formal written submissions followed by an opportunity for oral presentation. Witnesses who testify in oral hearings shall do so under oath or affirmation.

(4) *Documentary hearing.* If an oral hearing is not necessary, the hearing official shall make the determination based upon a review of the written record.

(d) *Record.* The hearing official shall maintain a summary record of any hearing conducted under this section.

(e) *Date of decision.* The hearing official shall issue a written decision as

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soon as practicable after the hearing, but not later than 60 days after the date on which the request for hearing was received by the Commission, unless the hearing was delayed at the request of the employee, in which case the 60 day decision period shall be extended by the number of days by which the hearing was postponed.

(f) *Content of decision.* The written decision shall include:

(1) A summary of the facts concerning the origin, nature, and amount of the debt;

(2) The hearing official's findings, analysis, and conclusions; and

(3) The revised terms of any repayment schedule, if applicable.

(g) *Failure to appear.* In the absence of good cause, if the employee or the representative of the agency fails to appear, the hearing official shall proceed with the hearing as scheduled, and make his or her determination based upon the oral testimony presented and the documentation submitted by both parties.

§ 1650.110 Implementation of salary offset.

(a) *Method of collection.* A debt will be collected in a lump sum or by installment deductions at officially established pay intervals from an employee's current pay account, unless the employee and the Commission agree in writing to alternate arrangements for repayment.

(b) *Source of deductions.* Deductions will be made only from basic pay, special pay, incentive pay, retired pay, retainer pay or in the case of an employee not entitled to basic pay, other authorized pay.

(c) *Duration of deductions.* Debts will be collected in one lump sum when possible to minimize interest costs and administrative processing fees for the employee. If the employee is financially unable to pay in one lump sum and the amount of debt exceeds 15 percent of the employee's disposable pay for an officially established pay interval, collection by offset will be made in installments. Such installment deductions will be made over a period not greater than the anticipated period of active duty or employment of the em-

ployee and, except in rare circumstances, not to exceed 3 years.

(d) *Limitation on amount of deductions.* The size and frequency of installment deductions will bear a reasonable relationship to the size of the debt and the employee's ability to pay. The amount deducted for any period, however, will not exceed 15 percent of the disposable pay from which the deduction is made, unless the employee has agreed in writing to the deduction of a greater amount. Installment payments of less than \$25 will be accepted only in the most unusual circumstances.

(e) *When deductions may begin.* (1) If the employee files a timely request for hearing, or a proposed voluntary repayment agreement, deductions will begin in the next bi-weekly salary payment after a final decision is issued on the request or repayment proposal.

(2) If the employee fails to submit a timely request for hearing or proposal for a voluntary repayment agreement, deductions will commence in the next bi-weekly salary payment after the expiration of 30 days following the employee's receipt of the Notice of Debt under 1650.105(c).

(f) *Lump-sum deduction from final check.* When the employee retires, resigns, or ends his or her period of active duty before the debt is collected in full, the employee's debt will be automatically deducted from the final payments (e.g., final salary payment, lump-sum leave, etc.) due the employee to the extent necessary to liquidate the debt. If the employee's final pay is not sufficient to permit all deductions to be made, the order of precedence for the deductions will be: Retirement and FICA; Medicare; Federal income taxes; health benefits; group life insurance; indebtedness due to the United States; State income taxes; and voluntary deductions and allotments.

§ 1650.111 Recovery from other payments due a separated employee.

When a debt owed to EEOC has not been completely liquidated through salary offset and the employee has separated from EEOC, the Commission shall, pursuant to 31 U.S.C. 3716 and the Federal Claims Collection Standards, 31 CFR parts 900-904, seek to offset the