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954.7 .....	Transfer .....	08-01-96	21940 (02-27-97) .....	POM 844.

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## POSTAL SERVICE

### Privacy Act of 1974; System of Records

**AGENCY:** Postal Service.

**ACTION:** Notice of a new system of records and the addition of new routine uses and modifications to two existing systems of records.

**SUMMARY:** The purpose of this document is to publish notice of the establishment of a new system of records, USPS 050.060, Finance Records—Accounts Payable Files. It also publishes notice of a modification to an existing system of records and the addition of new routine uses to that and another existing system of records.

These proposals are prompted by data collection and sharing requirements of the Debt Collection Improvement Act of 1996 (Pub. L. 104-134). Pursuant to that Act, the Department of the Treasury is establishing a Treasury Offset Program under which it will centrally gather and cross-match certain payment and debtor records of participating agencies for the purpose of identifying delinquent debtors due to receive federal payments and offsetting the payments to satisfy the debt. As a participating agency, the Postal Service plans to disclose limited information from its accounts payable, accounts receivable, and payroll files.

The new system of records collects the names, addresses, and taxpayer identification numbers of individuals and entities to whom the Postal Service owes payment for equipment, goods, or services provided. Information collected is used to pay these creditors, which are primarily businesses not covered by the Privacy Act. For the reason that some of the taxpayer identification numbers contained in the system are being provided to Treasury for cross-matching may also be social security numbers, a new system of records is being established. Included in the system of records is a routine use that will permit the Postal Service to make the disclosure to Treasury.

In addition, similar routine uses are added to existing Privacy Act systems of records USPS 050.005, Finance Records—Accounts Receivable Files and USPS 050.020, Finance Records—

Payroll System to allow disclosure of debtor and employee data, respectively, for purposes of participating in the Treasury Offset Program. System modifications and other new routine uses in system USPS 050.005 enhance the system description and permit disclosure of current, as well as delinquent, debt information to credit reporting agencies pursuant to the Debt Collection Improvement Act.

**DATES:** Any interested party may submit written comments on the proposed amendments and additions. This proposal will become effective without further notice July 15, 1997, unless comments received on or before that date result in a contrary determination.

**ADDRESSES:** Written comments on this proposal should be mailed or delivered to Payroll Accounting/Records, US Postal Service, 475 L'Enfant Plaza SW RM 8831, Washington, DC 20260-5243. Copies of all written comments will be available at the above address for public inspection and photocopying between 8 a.m. and 4:45 p.m., Monday through Friday.

**FOR FURTHER INFORMATION CONTACT:** Betty E. Sheriff, (202) 268-2608.

**SUPPLEMENTARY INFORMATION:** The Debt Collection Act of 1982, as amended (Pub. L. 97-365) provides statutory authority for federal agencies to collect debts through administrative offset, provided that each agency publishes regulations for conducting the offset and gives debtors certain due process rights. The Debt Collection Improvement Act of 1996 (DCIA), Pub. L. 104-134, contains various provisions intended to maximize collection of federal debts while minimizing costs to collect those debts. One provision requires federal agencies to transfer non-tax debts delinquent for over 180 days to the Secretary of the Treasury for purposes of administrative offset against payments due elsewhere in the Government. The Act also requires an annual interagency computer match of the delinquent debts due all agencies to determine which debts are payable by active and retired federal employees. These requirements are met by agency participation in the Treasury Offset Program (TOP), a government-wide delinquent debt matching and payment offset program operated by the United States Department of the Treasury (Treasury).

TOP provides a one-stop source for identifying delinquent debtors receiving government funds and offsetting the delinquent debt using those same funds. Specifically maintained by the Treasury is a centralized database of qualified delinquent nontax debtor files provided by participating creditor agencies. Non-salary payments made by Treasury and other disbursing agencies, including the Postal Service, will be matched against the database. When a match occurs, the payment will be diverted to pay the delinquent debt, to the extent legally allowed.

Also matched at least annually against the delinquent debtor database are federal agency wage and retirement payment records. When a match occurs, the salary of a matched employee will be offset to pay the delinquent debt, to the extent legally allowed.

To the extent these statutes apply to the Postal Service or the Postal Service has elected to participate in TOP, the Postal Service proposes the following:

#### **Part 1—System Modification to USPS 050.005, Finance Records—Accounts Receivable Files and the Addition of New Routine Uses to That System and a New Routine Use to System USPS 050.020, Finance Records—Payroll System**

(a) *Postal Service system of records USPS 050.005, Finance Records—Accounts Receivable Files.* This system contains records used to facilitate debt collection and to monitor and record collections made by the Postal Service. To the extent records relate to individuals, as opposed to businesses, they are covered by the Privacy Act. As a participant in TOP, the Postal Service will disclose to Treasury pursuant to proposed routine use No. 9 the following information for each debtor who owes non-tax debts delinquent for a period of 180 days: Name, taxpayer identification number (TIN) or social security number (SSN), address, date delinquency began, initial delinquent amount, date debt originally opened, original amount of debt, debt type, and agency and control numbers. (Debts owed by current employees will not be referred to TOP.) On a periodic basis, payment agencies participating in TOP provide to Treasury their payment files reflecting federal fund vendor, benefit, or other payments for cross-matching with the delinquent debtor database. A

match on both taxpayer identification number and name is required to intercept a payment for offset.

The DCIA gives Treasury the authority to waive the matching agreement and verification requirements of sections (o) and (p) of the Privacy Act for administrative offset matching upon an agency's written certification that it has provided the debtor due process notice. Consequently, debtor records submitted to TOP will be accompanied by a certification that the debts are accurate and that necessary due process notification has been made to the debtor. In addition, the Postal Service will have provided the debtor notice of its intention to collect the debt through administrative offset.

The DCIA also authorizes agencies to obtain credit reports for debt collection purposes and to report both delinquent and non-delinquent commercial and consumer nontax debt to consumer reporting agencies. Proposed routine uses 10 and 11 permit such disclosures.

Finally, proposed modifications to the "categories of records covered by the system" enhance the system notice without altering the amount or character of the information collected.

(b) *Postal Service system of records USPS 050.020, Finance Records—Payroll System.* This system contains records used to handle all necessary payroll functions, including salary deductions. New routine use 32 will permit disclosure of limited information to Treasury for matching employee data against other agency debtor records. For matched records, the Postal Service will disclose to Treasury the date of birth, home address, and work address of the employee.

While the DCIA allows the Secretary of the Treasury to waive the requirements of subsections (o) and (p) of the Privacy Act for administrative offset, those requirements are not waived for salary offset matching. Consequently, as required by subsection (o), matching of Postal Service employee data with other agency debtor data will be done under a computer matching agreement concluded between the Postal Service and Treasury. In addition, pursuant to subsection (p), any discrepancies or inconsistencies developed as a result of the match, such as the amount of indebtedness, will be independently investigated and verified by Treasury prior to initiating offset with the Postal Service.

The Postal Service currently conducts salary offset matches with various federal agencies pursuant to the computer matching provisions of the Privacy Act. TOP will eliminate most of those matching programs since the

matches will be centrally conducted by Treasury. Consequently, Postal Service participation in TOP will result in fewer disclosures of information to accomplish the same matching purpose of identifying delinquent debtors and offsetting salaries when voluntary repayment is not forthcoming.

#### **Part 2—Establishment of New System of Records USPS 050.060—Finance Records—Accounts Payable Files**

The Postal Service has historically maintained accounts payable records. However, accounts payable records clearly pertaining to individuals have been covered by existing systems of records. Because the remaining records are largely about businesses who provide transportation, cleaning, contract station, construction, and other services, they are not considered covered by the Privacy Act which applies to records about individuals. Nevertheless, in reviewing the planned disclosure of accounts payable records to Treasury for TOP cross-matching, it has come to our attention that, at least in the case of sole proprietors, the taxpayer identification number to be matched might also be a social security number. Consequently, a new system of records is being established to cover all accounts payable records to the extent they pertain to individuals or could be construed to pertain to individuals operating as a contractor or business.

Accounts payable records will be disclosed to Treasury pursuant to routine use No. 1 for matching against delinquent debtor files submitted by other federal agencies. Match and partial match information will be used to provide debtor locator/address information to creditor agencies. A match on both TIN and name is required to intercept a payment for offset.

Routine use No. 2 authorizes disclosure upon request of the name and address of the owner of a leased facility, or of the payee when this is a different individual.

The system modifications and additions are not expected to have any effect on individual privacy rights. As stated above, accounts payable information pertains primarily to businesses. To the extent that information within new system of records USPS 050.060 pertains to individuals, it relates to business transactions rather than to personal matters. Consequently, even in the event of an inadvertent improper disclosure, we do not anticipate an adverse impact on any individual's privacy rights. Nevertheless, appropriate safeguards are applied to protect information. Records are kept in a secured environment, with

automated data processing physical and administrative security and technical software applied to data on computer media. Paper records are kept in a secured area of post offices and are made available internally on an official need-to-know basis. Contractors who maintain data collected by any of these systems are made subject to subsection (m) of the Privacy Act and are required to apply appropriate protections subject to the audit and inspection of the Postal Inspection Service.

The TOP system has several security features to protect data and restrict user access. Of key importance is that an agency user will be able to access information only about his or her particular agency record submission. For example, authorized Postal Service users will be able to access one of its own accounts receivable files and update it to reflect adjustments or payments. The user, however, cannot access the payment agency's file on the same individual, even though that individual's payment is being offset to pay a postal debt. Further, when a payment and delinquent debtor file matches, TOP provides notification of the match to both the creditor and payment agency. However, the creditor agency is not informed of the source of the offset.

Application and database security applied to the TOP database will use security group definitions to determine access to application functions and database tables. Password security schemes and user logon IDs, issued by the RISC/UNIX and TOP Host administrators, are used to prevent unauthorized access to the TOP system. Access to an agency's records is provided on a need-to-know basis as defined by the agency. A user accessing the TOP system must have an authorized user identification and password. The user's ID defines the data areas in the TOP system the user may access and the functions (read only, add data, delete data, update data) the user will be authorized to perform. Passwords will expire periodically after creation or a change. Audit trails will record any record change and who changed it.

With respect to the accuracy of information, the creditor agency is responsible for the validity and accuracy of its debts in the delinquent debtor database. It must update its file to reflect collections, additional fees, interest, or other changes to the debtor information. It must also validate account information when updated by TOP as a result of an offset. Periodically, Treasury will ask the creditor agency to

verify the status of its records in the database.

The Privacy Act permits agencies to disclose information without the consent of the records subject for "routine uses," that is, for purposes that are compatible with the purposes for which the information is collected. The proposed routine uses meet the compatibility requirement of the Privacy Act.

It is the policy of the Postal Service that postal employees should honor their financial obligations. Because information within system USPS 050.020 is collected to handle payroll functions, which include adjustments to reflect a salary offset, proposed routine use No. 32 is clearly compatible with the purpose of the system.

Similarly, routine uses 9, 10, and 11 proposed for USPS 050.005 each allow a disclosure that will facilitate the collection of debts owed to the Postal Service. Since the system was established to facilitate the collection of debts, the compatibility standard is clearly met.

Routine use statements a through m referenced in new system of records USPS 050.060 have been applied to most of the Postal Service's systems of records as representing situations in which the Postal Service would routinely need to disclose information in the conduct of its business. Permitted by the Privacy Act are disclosures of information about a record subject to a congressional office at the request of the record subject. Present with regard to all Postal Service records is the need to disclose: For law enforcement purposes; in litigation involving the Postal Service; when obtaining from or providing to an agency information relevant to an agency decision; to an agency contractor fulfilling an agency function; to the Federal Records Center for storage; in proceedings before the Equal Employment Opportunity Commission or Merit Systems Protection Board; and to postal unions. Routine uses a through m were last published in the **Federal Register** on October 26, 1989 (54 FR 43654-43655).

Routine use No. 1 permits disclosure of payment records to identify payees who owe delinquent federal debts. Such disclosure is consistent with the system's purpose of offsetting any delinquent debts the creditor owes to the federal government. Routine use No. 2 permits disclosure of the name and address of the owner of leased property, or of the payee when different from the owner. Such disclosure is clearly consistent with the accounts payable function, particularly when identifying to whom government monies are paid.

Pursuant to 5 U.S.C. 552a(e)(11), interested persons are invited to submit written data, views, or arguments on this proposal. A report of the proposed system changes has been sent to Congress and to the Office of Management and Budget for their evaluation.

USPS Privacy Act system 050.005 was last published in its entirety in the **Federal Register** on October 26, 1989 (54 FR 43666-43667) and was amended in the **Federal Register** on December 22, 1994 (59 FR 66061-66062) and December 7, 1995 (60 FR 62901). USPS Privacy Act system 050.020 was last published in its entirety in the **Federal Register** on December 4, 1992 (57 FR 57515-57519) and was amended in the **Federal Register** on November 22, 1993 (58 FR 61718-61719) and on June 12, 1996 (61 FR 29774). The Postal Service proposes amending these systems as shown below.

#### USPS 050.005

##### SYSTEM NAME:

Finance Records—Accounts Receivable Files, 050.005.

\* \* \* \* \*

##### CATEGORIES OF RECORDS COVERED BY THE SYSTEM:

(CHANGE TO READ) Debtor's name, address, telephone number, and social security number; invoice and other information relating to the amount, history, and status of the claim; information relating to due process notice; and records reflecting information obtained from or disclosed to consumer reporting or credit reporting agencies for purposes of recovering the debt.

\* \* \* \* \*

##### ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING CATEGORIES OF USERS AND THE PURPOSES OF SUCH USES:

(CHANGE TO READ) Routine use statements a, b, c, d, e, f, g, h, j, k, l, and m listed in the prefatory statement at the beginning of the Postal Service's published system notices apply to this system. Other routine uses are as follows:

\* \* \* \* \*

##### (ADD THE FOLLOWING:)

9. Disclosure of information about individuals who are over 180 days delinquent in debts owed to the Postal Service may be made to the Department of the Treasury for cross-matching under its Treasury Offset Program. Disclosure will be limited to information needed to establish the identity of the individual as a payee of funds payable by another federal agency

and to offset those funds by administrative offset.

10. Disclosure of information that a person is responsible for a claim which is current may be made to a consumer reporting agency or commercial reporting agency.

11. Disclosure of information about individuals from whom the Postal Service is attempting to collect or compromise a claim may be made to consumer reporting agencies for the purpose of obtaining a consumer report as defined in the Fair Credit Reporting Act.

#### USPS 050.020

##### SYSTEM NAME:

Finance Records—Payroll System, 050.020.

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##### ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING CATEGORIES OF USERS AND THE PURPOSES OF SUCH USES:

(CHANGE TO READ) Routine use statements a, b, c, d, e, f, g, h, j, k, l, and m listed in the prefatory statement at the beginning of the Postal Service's published system notices apply to this system. Other routine uses are as follows:

\* \* \* \* \*

##### (ADD THE FOLLOWING:)

32. Disclosure of information about current or former postal employees may be made to the Department of the Treasury for approved computer matching efforts under its Treasury Offset Program. Disclosure will be limited to information needed to establish the identity of the employee as an individual owing a delinquent debt to another federal agency and to offset the salary of the employee to repay that debt.

#### USPS 050.060

##### SYSTEM NAME:

Finance Records—Accounts Payable Files, USPS 050.060.

##### SYSTEM LOCATIONS:

Post offices; accounting service centers; and Postal Service Headquarters, Washington, DC.

##### CATEGORIES OF INDIVIDUALS COVERED BY THE SYSTEM:

Individuals or entities to whom the Postal Service owes, or makes payment to, for services or materials received. Payments relate to expenses incurred for rental of properties used by the Postal Service; job cleaning; reimbursement of carriers who use privately owned vehicles to deliver mail; procurement of employee uniforms; air, highway, and

contract transportation services; indemnity claims made for damage or loss to certain classes of mail; employee travel; capital investments such as facility projects; mortgages on postal-owned properties; administrative tort claims; and various other equipment, supplies, and services procured by the Postal Service.

#### CATEGORIES OF RECORDS IN THE SYSTEM:

Name, address, and taxpayer identification number (or social security number) of creditor; amount, status, and history of the purchase or lease including invoices and control documents; and payment history including any adjustments.

#### AUTHORITY FOR MAINTENANCE OF THE SYSTEM:

39 U.S.C. 401, 404, and 1206; Public Law 104-134.

#### PURPOSE(S):

Information within this system is used to verify charges for goods and services received; to assure charges are properly authorized and services and materials are delivered; to offset any delinquent debts the creditor owes to the federal government; and to promptly pay creditors.

#### ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING CATEGORIES OF USERS AND THE PURPOSES OF SUCH USES:

General routine use statements a, b, c, d, e, f, g, h, j, k, l, and m listed in the prefatory statement at the beginning of the Postal Service's published system notices apply to this system. Other routine uses follow:

1. Disclosure of information about individuals on whom the Postal Service has established accounts payable may be made to the Department of the Treasury for cross-matching under its Treasury Offset Program. Disclosure will be limited to information needed to establish the identity of the individual as a delinquent debtor of another federal agency and to offset the payment to pay the debt.

2. Disclosure of the name and address of the owner of leased property, or of the payee when different from the owner, may be made upon request.

#### POLICIES AND PRACTICES FOR STORING, RETRIEVING, ACCESSING, RETAINING, AND DISPOSING OF RECORDS IN THE SYSTEM:

##### STORAGE:

Paper and computer storage media.

##### RETRIEVABILITY:

Name of creditor and taxpayer identification number (Social Security number, if an individual).

#### SAFEGUARDS:

Hard copy records and computers containing information within this system of records are located in a building with controlled access. Access to the building and to controlled areas within the building is restricted by the use of guards and authorized badges and/or card keys. Computer systems are protected with an installed security software package, the use of computer log-on IDs, and operating system controls. Access is limited by those means to persons whose duties require such access.

#### RETENTION AND DISPOSAL:

a. See the following systems descriptions for retentions of accounts payable-related records: USPS 050.010; 050.040; 160.010; 160.020; 200.020; and 200.030.

b. Stop Payment Cases. Cut off the file at the end of each calendar year. Destroy 8 years from the date of cutoff.

c. Notice of Remittances Received. Cut off the file each fiscal year. Destroy 8 years from the date of cutoff.

#### SYSTEM MANAGER(S) AND ADDRESS:

VICE PRESIDENT, CONTROLLER, U.S. POSTAL SERVICE, 475 L'ENFANT PLAZA SW., WASHINGTON DC 20260-5200.

#### NOTIFICATION PROCEDURE:

Individuals wanting to know whether information about them is maintained in this system of records must address inquiries in writing to the system manager. Inquiries must contain the individual's name and taxpayer identification number (or social security number).

#### RECORD ACCESS PROCEDURES:

Requests for access must be made in accordance with the Notification Procedure above and the Postal Service Privacy Act regulations regarding access to records and verification of identity under 39 CFR 266.6.

#### CONTESTING RECORD PROCEDURES:

See Notification Procedure and Record Access Procedures above.

#### RECORD SOURCE CATEGORIES:

Information is furnished by Postal Service creditors, employees, supervisors, and accounting systems and by other federal agencies to whom the creditor is delinquently indebted. Some information may be duplicated in other Privacy Act systems of records including USPS 010.030, 050.010,

050.040, 160.010, 160.020, 200.020 and 200.030.

**Stanley F. Mires,**

*Chief Counsel, Legislative.*

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## POSTAL SERVICE

### Privacy Act of 1974, System of Records

**AGENCY:** Postal Service.

**ACTION:** Notice of the addition of a new routine use and modifications to an existing system of records; correction.

**SUMMARY:** In notice document 97-12267 beginning on page 25980 in the issue of Monday, May 12, 1997, the Postal Service published a notice of the addition of a new routine use and modifications to existing system of records USPS 140.020, Postage—Postage Meter Records.

On page 25981 in the second column, line four from the bottom, the last four words of routine use No. 1 were dropped. Routine use No. 1 is corrected to read:

1. The name and address of a meter user, and the name of any person applying for a permit on behalf of the user, may be disclosed to any member of the public provided that the requester at the time of the request supplies the applicable meter serial number and the name or ZIP Code of the licensing post office as they appear in meter indicia.

**Stanley F. Mires,**

*Chief Counsel, Legislative.*

[FR Doc. 97-14732 Filed 6-2-97; 8:45 am]

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## RAILROAD RETIREMENT BOARD

### Determination of Quarterly Rate of Excise Tax for Railroad Retirement Supplemental Annuity Program

In accordance with directions in section 3221(c) of the Railroad Retirement Tax Act (26 U.S.C., section 3221(c)), the Railroad Retirement Board has determined that the excise tax imposed by such Section 3221(c) on every employer, with respect to having individuals in his employ, for each work-hour for which compensation is paid by such employer for services rendered to him during the quarter beginning July 1, 1997, shall be at the rate of 35 cents.

In accordance with directions in Section 15(a) of the Railroad Retirement Act of 1974, the Railroad Retirement Board has determined that for the