



WAGE GARNISHMENT AND STUDENT LOAN DEFAULT

A handbook for employers

INQUIRIES

Employers with questions about administrative wage garnishment should contact:

Mail: TG — AWG Team
P. O. Box 83100
Round Rock, TX 78683-3100

Phone: (800) 252-9743, ext. 4125
(512) 219-5700 (Round Rock)
(512) 219-4560 (for speech and hearing impaired)

Email: wagewith@tgslc.org

IN THIS HANDBOOK

When a borrower repays a federal government student loan, everyone benefits. The borrower maintains a good credit rating; lawmakers continue their support of the loan program — enabling more people to pursue educational dreams; and fewer taxpayer dollars are needed to pay for the loan program.

Although a large majority of borrowers repay their student loans, defaults do occur. As an administrator of the Federal Family Education Loan Program (FFELP), TG pursues the collection of student loans aggressively — contacting borrowers, reporting to credit bureaus, suspending or preventing the renewal of professional licenses, and capturing tax refunds. TG also uses another tool for the collection of defaulted student loans: administrative wage garnishment (AWG). Federal law (P. L. 102-164; as amended by Public Law 109-171; 20 U.S.C. 1095a et seq.) allows for the withholding of wages from defaulted borrowers.

Since TG implemented its AWG Program in 1993, the collection of defaulted student loans has increased dramatically. Employers have contributed and continue to contribute to the success of this program. TG has attempted to minimize any direct impact the program might have on your business operations.

This handbook provides employers with information about AWG for TG and the employer’s role in that process. Among other things, employers will learn more about the FFELP, how to withhold and remit earnings to TG, and how to contact TG in case there are any questions. Please read each section carefully.

The handbook is divided up according to specific areas of information, including:

- ▼ A description of the FFELP and default collection (page 2);
- ▼ An overview of the withholding process (page 3);
- ▼ How to withhold wages (page 3);
- ▼ How to remit withheld earnings (page 4);
- ▼ What to do if a debtor has multiple garnishments (page 5);
- ▼ When to stop withholding (page 6);
- ▼ What happens if you do not comply with this order (page 6); and
- ▼ Contact information (page 6).

Attachments include:

- ▼ Attachment A: Order of Withholding from Earnings (page 8);
- ▼ Attachment B: Employer Acknowledgement of Wage Withholding (page 9);
- ▼ Attachment C: Release of Order of Withholding from Earnings (page 10);
- ▼ Attachment D: Employer Acknowledgement of Release of Order of Withholding (page 11);
- ▼ Attachment E: Employer Notice of Change in Employment (page 12);
- ▼ Attachment F: Modification of Order of Withholding from Earnings (page 13);
- ▼ Attachment G: Subordination of Order of Withholding from Earnings (page 14); and
- ▼ Attachment H: Public Law 102-164; 20 U.S.C. 1095a et seq. (page 15).





THE FEDERAL FAMILY EDUCATION LOAN PROGRAM

The FFELP is a government-sponsored program that, through June 30, 2010, provided low interest loans to help students and their parents pay for education beyond high school. Under the program, loans were made through a public/private relationship involving borrowers, schools, lenders, guarantors, and the federal government; private lenders (such as local banks or credit unions) provided the money for the loans.

Although FFELP originations ceased effective June 30, 2010, TG continues to provide life-of-the-loan support for TG-guaranteed loans in its existing \$15 billion FFELP student loan portfolio.

TG'S ROLE

On behalf of the federal government, agencies such as TG handle the administration of the FFELP, including claim payment, compliance with regulations, and collection of defaulted loans. When a student fails to repay a FFELP loan and the loan enters default (becomes 270 days past due), the holder of the loan files a claim with TG to cover the amount. TG examines the claim and pays the holder if the claim was properly serviced. Once a claim is paid, TG files for reinsurance with the U.S. Department of Education. At the same time, TG begins collection efforts up to and including the withholding of wages.

DEFAULT PREVENTION AND COLLECTION

Most borrowers repay their debts. However, some borrowers do not repay their loans, even though many are employed and able to make payments. A number of regulations and incentives have been put into place to prevent the default rate from rising. TG has substantially increased default prevention efforts. In addition, Congress has authorized FFELP administrative agencies and the U. S. Department of Education to collect on defaulted loans through the administrative wage garnishment of a defaulted borrower's wages.

LEGISLATIVE AUTHORITY FOR AWG

The Emergency Unemployment Compensation Act (P. L. 102-164; as amended by Public Law 109-171; 20 U.S.C. 1095a et seq.) allows TG to garnish up to 15 percent of the debtor's disposable pay or the amount permitted by 15 U.S.C. 1673, unless the debtor provides TG with written consent to deduct a greater amount. Employers must garnish an employee's earnings until the defaulted loan has been repaid in full, or until notified by TG to discontinue withholding. This law supersedes any state's laws governing wage garnishment.

AN EFFECTIVE TOOL

TG's AWG Program ensures that those borrowers helped by the FFELP pay their debts so that others may receive funds to go to school. TG believes AWG encourages many employed defaulted borrowers to repay their loans. In those cases where borrowers continue to refuse to honor their obligations, garnishment is an effective tool in debt collection.



THE BASIC STEPS EMPLOYERS FOLLOW FOR WITHHOLDING

PROCEDURE

1. Read the Order of Withholding from Earnings (Order). It contains the instructions on how to withhold and pay the required amounts.
2. Calculate and deduct the amount to be withheld from the debtor’s pay for the first pay period that occurs after the employer receives the Order.
3. Send the amount deducted to TG according to the instructions.
4. Repeat steps 2 and 3 each payday.

EMPLOYER NOTIFICATION

TG ACTION

TG sends the employer an Order of Withholding from Earnings form (see Attachment A) and an Employer Acknowledgement of Wage Withholding form (see Attachment B). The Order details information about the debtor, including the debtor’s name, address, and Social Security Number, and provides instructions for withholding. An additional copy of the Order is provided for the employer to give to the debtor.

EMPLOYER ACTION

Employers should respond to TG by completing and returning the Employer Acknowledgement of Wage Withholding form within 10 business days. If the debtor is no longer employed by your organization when you received the Order, simply indicate this on the form and return it to TG, or email us at wagewith@tgsdc.org.

EMPLOYEE NOTIFICATION

The debtor will already have been given notice that garnishment will occur. Before an employer receives the Order, the debtor has received:

- ▼ Many notices of delinquency and finally a Notice Prior to Wage Withholding;
- ▼ An opportunity to contest the garnishment and information about his or her rights and responsibilities in the process; and
- ▼ An opportunity to avoid AWG by entering into a voluntary repayment agreement with TG.



AMOUNT OF WITHHOLDING

The instructions below explain how to calculate the amount of earnings to be withheld.

1. Read the Order.
2. Identify the debtor named in the Order.
3. Identify the debtor’s gross earnings for the pay period. “Earnings” means compensation paid or for payable personal services, whether categorized as wages, salary, commission, bonus, or otherwise.
4. Identify amounts that can be deducted from the debtor’s gross earnings. These are amounts required by law to be deducted and include state (if applicable) and federal income tax, and Federal FICA or OASI tax (Social Security). Employee deductions for health care insurance are also included in this amount. Do not include voluntary deductions such as savings bonds, employee contribution to retirement plans, and the like. However, you must deduct any mandatory contributions for employees who are subject to them, such as deductions for state employee retirement systems.
5. Subtract deducted amounts (amounts from step 4) from the debtor’s gross earnings (amount from step 3). This will provide you the debtor’s disposable earnings.
6. Multiply the debtor’s disposable earnings (amount from step 5) by 15 percent (0.15). The result is the amount to withhold from the debtor’s wages each pay day. The employer may round the figure down to a flat dollar amount so long as the resulting figure does not exceed 15 percent of the debtor’s disposable pay.

HOW TO REMIT WITHHELD EARNINGS

1. Cut a check for the required withholding amount calculated according to the instructions above. Make checks payable to TG.
2. Be sure each check includes the information listed below.
 - ▼ Debtor name
 - ▼ Debtor Social Security Number or Case Number
 - ▼ Employer name
 - ▼ Notation indicating that this is an AWG payment (or payments)
 - ▼ Employer’s Federal Employer Identification Number

3. Send the check to:

TG
 P. O. Box 659601
 San Antonio, TX 78265-9601

FREQUENCY OF PAYMENT

Although deductions should be made at each pay period (weekly, bi-weekly, semi-monthly, or monthly), remittance to TG need not be made more than once each month. You do not have to change your normal pay and disbursement cycles to comply with the Order.

TWO OR MORE DEBTORS

If the employer is making payments to TG for two or more debtors, the employer may combine payments as long as the check stub or transmittal sheet details each employee’s name and Social Security Number/Case Number and the amount remitted for each debtor.

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MULTIPLE GARNISHMENTS

INFORMING TG

If you receive an Order of Withholding from Earnings from TG for a debtor who is subject to other garnishments, you must inform TG in writing that other garnishments exist. TG will provide assistance in determining how to proceed. It is particularly important that you contact TG when multiple garnishments prohibit you from withholding or otherwise change the amount you are required to withhold. You should always wait for a Release of Order of Withholding from Earnings before discontinuing withholding payments to TG.

LIMITS REQUIRED BY LAW

The Consumer Credit Protection Act (15 U.S.C. Section 1673 et seq.) provides for a 25 percent limit to the total amount of wages that can be withheld from an individual. If the debtor in question is subject to multiple withholdings, this limit may affect the amount that may be withheld for student loan debts. Requirements for calculating these limits are very specific. (For more information, please refer to 29 Code of Federal Regulations 870.10.) As a general rule, if the debtor already has 25 percent or more of his or her wages withheld at the time you receive the Order, you may not withhold additional amounts for student loan debts, and you must obtain a Subordination of Order of Withholding from Earnings. (See Attachment G.) If the amount being withheld is less than 25 percent, however, you should still withhold up to that limit but contact TG so that your withholding order can be modified. (See Attachment F.)

MULTIPLE STUDENT LOAN GARNISHMENT

The U.S. Department of Education requires the conducting of multiple student loan garnishments on a employee if the first garnishment results in a withholding of less than 25 percent of the employee's disposable pay. This includes garnishment orders from a guarantor and the Department of Education or orders from more than one guarantor. Multiple garnishments cannot cause the total amount of wages withheld from an employee's disposable pay to exceed 25 percent; however, there are certain exceptions. The total amount garnished will vary from 25 percent if:

- ▼ An order is for child support, in which case up to 50 percent of an employee's disposable pay may be garnished for support; or
- ▼ The amount by which the employee's disposable pay exceeds 30 times the minimum wage is less than 25 percent of the employee's earnings, in which case the lesser amount is the maximum amount which can be withheld. 15 U.S.C. 1673(a)(2).

A first-in-time rule applies to multiple student loan garnishments; that is, an employer must honor the first student loan garnishment order it receives, to the fullest extent that an employee's earnings are eligible for withholding. If, after application of the first student loan garnishment, additional earnings are eligible for withholding, the employer should then apply the next student loan withholding order it has received, to the extent earnings remain eligible for withholding. Please note that if no amount of an employee's disposable earnings is available to honor TG's garnishment order, or if the amount available is less than 15 percent of disposable pay, an employer must still notify TG regarding its inability to comply, or fully comply, with the garnishment order.

PRIORITIZING GARNISHMENTS

Garnishments for child support or IRS levy take precedence over withholding for student loan debts, regardless of when they begin. If you receive a garnishment order for child support or IRS levy after you have received an Order of Withholding from Earnings from TG, you must immediately contact TG's AWG Team at (800) 252-9743. Other questions about prioritizing multiple garnishments should also be directed to the AWG Team.

CHANGES IN CALCULATION

Amounts garnished for child support and IRS levies should be deducted from gross wages along with other deductions required by law to be withheld. The 15 percent calculation should be based on the remaining disposable pay.



WHEN TO STOP WITHHOLDING

RELEASE OF ORDER

To inform an employer to stop withholding, TG will send a Release of Order of Withholding from Earnings form (see Attachment C) to the employer. The employer should continue to withhold earnings from the debtor’s paycheck until notified by such a release that the employer is no longer responsible for withholding the earnings of the debtor. The employer should then complete and return the Employer Acknowledgement of Release of Order of Withholding from Earnings (see Attachment D), which will be provided with the release.

WHEN THE DEBTOR ENDS EMPLOYMENT

When a debtor for whom the employer has been withholding earnings terminates employment, the employer should notify TG in writing within 10 business days. In addition, the employer must also supply the debtor’s last known address and the name and address of his or her new employer, if known. This will help ensure that the debtor can be located and that the new employer will be notified promptly of the withholding requirement. Income earned up to the termination date and any other compensation, such as severance pay, are subject to withholding. The Employer Notice of Change in Employment form (see Attachment E) has been provided in this handbook for your convenience. Please make as many copies as you need.

EMPLOYER COMPLIANCE

Employers can help keep taxpayers’ costs down for the student loan program by complying with these AWG procedures. There are penalties for non-compliance with the Order and for retaliation against employees.

NON-COMPLIANCE

If the employer fails to withhold wages following the receipt of an Order, TG may sue the employer to recover any amount that such employer fails to withhold from wages due to an employee, plus attorneys’ fees, costs, and punitive damages, in the court’s discretion.

EMPLOYER DISCRIMINATION

Under federal law, an employer may not discharge from employment, refuse to employ, or take disciplinary action against an individual simply because that individual is subject to AWG. The affected employee may sue an employer who takes such action. Should the employee prevail, the court must award attorneys’ fees, may order reinstatement of the individual, award punitive damages and back pay to the employee, or order such other remedy as may be reasonable and necessary.

INQUIRIES

Employers with questions about AWG should contact:

Mail: TG — AWG Team
P. O. Box 83100
Round Rock, TX 78683-3100

Phone: (800) 252-9743, ext. 4125
(512) 219-5700 (Round Rock)
(512) 219-4560 (for speech and hearing impaired)

Email: wagewith@tgsic.org



ATTACHMENTS





ATTACHMENT A

ORDER OF WITHHOLDING FROM EARNINGS



P.O. Box 83100 Round Rock, Texas 78683-3100 | (800) 222-6297 | (512) 219-7337 | www.tgslc.org

**IN RE
STUDENT LOAN DEBT OF
DEBTOR**

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EMPLOYER:

ORDER OF WITHHOLDING FROM EARNINGS

Pursuant to authority granted the Texas Guaranteed Student Loan Corporation (TG) by federal law (Public Law 102-164; as amended by Public law 109-171; 20 U.S.C. §1095a et seq.) as the current holder of the debt identified below, **YOU**, the employer of the debtor named below, **ARE HEREBY ORDERED AND DIRECTED** to withhold income from the debtor's disposable pay from this employment for payment of defaulted student loan(s), as follows:

**Debtor:
Address:**

**Case Number:
SSN#:
Total Amount
Currently Due:**

Amount to Withhold:

Employer **SHALL DEDUCT AND PAY TO TG** from the debtor's wages fifteen percent (15%) of the debtor's disposable pay for each pay period, or the amount permitted by 15 U.S.C. 1673, unless the debtor provides TG with written consent to deduct a greater amount. **This amount SHALL be deducted** until the amount set forth above as the "Total Amount Currently Due", plus all further accrued interest, is fully paid.

Time for Withholding:

Employer is **DIRECTED to begin withholding** from the debtor's disposable pay beginning with **the first pay period** that occurs after the issuance of this Withholding Order.

Method of Payment:

Employer is **DIRECTED TO PAY all amounts withheld** on each regular pay day, no less frequently than once each month, to:

**TG
P.O. Box 659601
San Antonio, TX 78265-9601**

All payments **MUST identify** the debtor and the debtor's case number or social security number.

Section 488A of the Higher Education Act provides that an employer who fails to comply with a garnishment order issued under this law will be liable for any amounts that are not so withheld following its receipt, in addition to costs of suit as a result of legal action authorized under the law.

THIS ORDER OF WITHHOLDING IS ISSUED BY TG ON _____.

TG Collections
Email: collections@tgslc.org

ATTACHMENT B

EMPLOYER ACKNOWLEDGEMENT OF WAGE WITHHOLDING



P.O.Box 83100 Round Rock,Texas 78683-3100 | (800) 252-9743 | (512) 219-5700 | www.tgslc.org

**TEXAS GUARANTEED STUDENT
LOAN CORPORATION**

IN RE §
STUDENT LOAN DEBT OF §
_____, **DEBTOR** §

**EMPLOYER ACKNOWLEDGEMENT
OF WAGE GARNISHMENT**

I, _____, on behalf of _____ acknowledge
(Name) (Employer)

receipt of the Order of Withholding from Earnings for _____,
(Debtor)

(SSN)

The above-named debtor is an employee of this company and payments of approximately
\$_____ (15% of disposable pay) will be forwarded to Texas Guaranteed
Student Loan Corporation (TG) on a _____ basis.
(weekly/biweekly/other)

The address this company has for this debtor is different than the address listed on the Order of
Withholding from Earnings. Our records reflect the address is: _____

The above-named debtor is no longer employed by this company.
Date of Employment Termination: _____

Debtor's Last Known Address: _____

Debtor's Subsequent Employer & Phone # (if available):

Signature

Date

Telephone Number

RETURN THIS FORM
WITHIN 10 BUSINESS DAYS TO:

TG
P.O. Box 83100
Round Rock, TX 78683-3100
Attention: AWG Team

wwempack.005



ATTACHMENT C

RELEASE OF ORDER OF WITHHOLDING FROM EARNINGS



P.O. Box 83100 Round Rock, Texas 78683-3100 | (800) 252-9743 | (512) 219-5700 | www.tgslc.org

**IN RE
STUDENT LOAN DEBT OF
DEBTOR**

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§
§

EMPLOYER:

RELEASE OF ORDER OF WITHHOLDING FROM EARNINGS

The Order of Withholding From Earnings issued by the Texas Guaranteed Student Loan Corporation for the debtor named below is hereby **CANCELLED AND RELEASED**.

Debtor:

Address:

Social Security
Number:

**FROM AND AFTER THE DATE OF THIS RELEASE, THE EMPLOYER IS NO LONGER
REQUIRED TO WITHHOLD INCOME FROM THE DEBTOR'S PAY.**

THIS RELEASE OF ORDER OF WITHHOLDING FROM EARNINGS IS ISSUED ON
_____.

TG Collections
Email: collections@tgslc.org

wwreleas.003

ATTACHMENT D

EMPLOYER ACKNOWLEDGEMENT OF RELEASE OF ORDER OF WITHHOLDING



P.O.Box 83100 Round Rock,Texas 78683-3100 | (800) 252-9743 | (512) 219-5700 | www.tgslc.org

**TEXAS GUARANTEED STUDENT
LOAN CORPORATION**

**IN RE §
STUDENT LOAN DEBT OF §
_____, DEBTOR §**

**EMPLOYER ACKNOWLEDGEMENT OF
RELEASE OF ORDER OF WITHHOLDING FROM EARNINGS**

I, _____, on behalf of _____,
(Name) (Employer)

acknowledge receipt of the Release of Order of Withholding From Earnings for

_____, _____.
(Debtor) (SSN)

I understand and acknowledge that this company is no longer required to withhold wages for the debtor referenced above.

Signature

Date

Telephone Number

RETURN THIS FORM
WITHIN 10 DAYS TO: TG
P.O. Box 83100
Round Rock, TX 78683-3100
Attn: AWG Team



ATTACHMENT E

EMPLOYER NOTICE OF CHANGE IN EMPLOYMENT



P.O.Box 83100 Round Rock, Texas 78683-3100 | (800) 252-9743 | (512) 219-5700 | www.tgslc.org

**TEXAS GUARANTEED STUDENT
LOAN CORPORATION**

IN RE §
STUDENT LOAN DEBT OF §
_____, **DEBTOR** §

EMPLOYER NOTICE OF CHANGE IN EMPLOYMENT

I, _____, on behalf of _____, notify Texas
(Name) (Employer)

Guaranteed Student Loan Corporation (TG) that _____,
(Debtor)

_____, is no longer employed with this company.
(SSN)

Date of Termination: _____

Debtor's Last Known Address: _____

Debtor's Subsequent Employer (if available):

Signature

Date

Telephone Number

RETURN THIS FORM WITHIN 10 DAYS TO: TG
P.O. Box 83100
Round Rock, TX 78683-3100
Attention: AWG Team

wwchange.006

ATTACHMENT F

MODIFICATION OF ORDER OF WITHHOLDING FROM EARNINGS



P.O. Box 83100 Round Rock, Texas 78683-3100 | (800) 252-9743 | (512) 219-5700 | www.tgslc.org

**TEXAS GUARANTEED STUDENT
LOAN CORPORATION**

**IN RE §
STUDENT LOAN DEBT OF §
DEBTOR §**

MODIFICATION OF ORDER OF WITHHOLDING FROM EARNINGS

The Order of Withholding From Earnings issued by the Texas Guaranteed Student Loan Corporation (TG) on ____ for the debtor named below is hereby **MODIFIED** due to the right of child support to withhold debtor's wages.

Debtor:

Address:

Social Security Number:

From the date of this modification to the date of release or extinguishment of the right of child support to withhold debtor's wages, the employer is required to withhold income from the debtor's pay at a rate of ____ percent (____%) of the debtor's disposable earnings.

At such time as the right of child support to withhold debtor's wages is released or extinguished, employer's obligation to withhold wages in the amount of fifteen percent (15%) of the debtor's disposable earnings shall recommence in full force and effect.

THIS MODIFICATION OF ORDER OF WITHHOLDING FROM EARNINGS IS ISSUED ON ____.



ATTACHMENT G

SUBORDINATION OF ORDER OF WITHHOLDING FROM EARNINGS



P.O. Box 83100 Round Rock, Texas 78683-3100 | (800) 252-9743 | (512) 219-5700 | www.tgslc.org

**TEXAS GUARANTEED STUDENT
LOAN CORPORATION**

**IN RE
STUDENT LOAN DEBT OF
DEBTOR**

§
§
§

SUBORDINATION OF ORDER OF WITHHOLDING FROM EARNINGS

The Order of Withholding from Earnings issued by the Texas Guaranteed Student Loan Corporation (TG) for the debtor named below is hereby **SUBORDINATED** to the right of child support to withhold debtor's wages.

Debtor:

Address:

Social Security Number:

From the date of this subordination to the date of release or extinguishment of the right of child support to withhold debtor's wages, the employer is **NOT** required to withhold income from the debtor's pay pursuant to TG's Order of Withholding from Earnings.

Upon such time as the right of child support to withhold debtor's wages is released or extinguished, employer's obligation to withhold wages pursuant to TG's Order of Withholding shall recommence in full force and effect.

THIS SUBORDINATION OF ORDER OF WITHHOLDING FROM EARNINGS IS ISSUED ON ___ .

WWSUBORD.001

ATTACHMENT H

PUBLIC LAW 102-164; 20 U.S.C. 1095A ET SEQ.

Education

20 § 1095a

§ 1095a. Wage garnishment requirement

(a) Garnishment requirements

Notwithstanding any provision of State law, a guaranty agency, or the Secretary in the case of loans made, insured or guaranteed under this subchapter and part C of subchapter I of chapter 34 of title 42 that are held by the Secretary, may garnish the disposable pay of an individual to collect the amount owed by the individual, if he or she is not currently making required repayment under a repayment agreement with the Secretary, or, in the case of a loan guaranteed under part B of this subchapter on which the guaranty agency received reimbursement from the Secretary under section 1078(c) of this title, with the guaranty agency holding the loan, as appropriate, provided that—

- (1) the amount deducted for any pay period may not exceed 15 percent of disposable pay, except that a greater percentage may be deducted with the written consent of the individual involved;
- (2) the individual shall be provided written notice, sent by mail to the individual's last known address, a minimum of 30 days prior to the initiation of proceedings, from the guaranty agency or the Secretary, as appropriate, informing such individual of the nature and amount of the loan obligation to be collected, the intention of the guaranty agency or the Secretary, as appropriate, to initiate proceedings to collect the debt through deductions from pay, and an explanation of the rights of the individual under this section;
- (3) the individual shall be provided an opportunity to inspect and copy records relating to the debt;
- (4) the individual shall be provided an opportunity to enter into a written agreement with the guaranty agency or the Secretary, under terms agreeable to the Secretary, or the head of the guaranty agency or his designee, as appropriate, to establish a schedule for the repayment of the debt;
- (5) the individual shall be provided an opportunity for a hearing in accordance with subsection (b) of this section on the determination of the Secretary or the guaranty agency, as appropriate, concerning the existence or the amount of the debt, and, in the case of an individual whose repayment schedule is established other than by a written agreement pursuant to paragraph (4), concerning the terms of the repayment schedule;
- (6) the employer shall pay to the Secretary or the guaranty agency as directed in the withholding order issued in this action, and shall be liable for, and the Secretary or the guaranty agency, as appropriate, may sue the employer in a State or Federal court of competent jurisdiction to recover, any amount that such employer fails to withhold from wages due an employee following receipt of such employer of notice of the withholding order, plus attorneys' fees, costs, and, in the court's discretion, punitive damages, but such employer shall not be required to vary the normal pay and disbursement cycles in order to comply with this paragraph;
- (7) if an individual has been reemployed within 12 months after having been involuntarily separated from employment, no amount may be deducted from the disposable pay of such individual until such individual has been reemployed continuously for at least 12 months; and
- (8) an employer may not discharge from employment, refuse to employ, or take disciplinary action against an individual subject to wage withholding in accordance with this section by reason of the fact that the individual's wages have been subject to garnishment under this section, and such individual may sue in a State or Federal court of competent jurisdiction any employer who takes such action. The court shall award attorneys' fees to a prevailing employee and, in its discretion, may order reinstatement of the individual, award punitive damages and back pay to the employee, or order such other remedy as may be reasonably necessary.



(b) Hearing requirements

A hearing described in subsection (a)(5) of this section shall be provided prior to issuance of a garnishment order in the individual, on or before the 15th day following the mailing of the notice described in subsection (a)(2) of this section, and in accordance with such procedures as the Secretary or the head of the guaranty agency, as appropriate, may prescribe, files a petition requesting a hearing. If the individual does not file a petition requesting a hearing prior to such date, the Secretary or the guaranty agency, as appropriate, shall provide the individual a hearing under subsection (a)(5) of this section upon request, but such hearing need not be provided prior to issuance of a garnishment order. A hearing under subsection (a)(5) of this section may not be conducted by an individual under the supervision or control of the head of the guaranty agency, except that nothing in this sentence shall be construed to prohibit the appointment of an administrative law judge. The hearing official shall issue a final decision at the earliest practicable date, but not later than 60 days after the filing of the petition requesting the hearing.

(c) Notice requirements

The notice to the employer of the withholding order shall contain only such information as may be necessary for the employer to comply with the withholding order.

(d) No attachment of student assistance

Except as authorized in this section, notwithstanding any other provision of Federal or State law, no grant, loan, or work assistance awarded under this subchapter and part C of subchapter I of chapter 34 of title 42, or property traceable to such assistance, shall be subject to garnishment or attachment in order to satisfy any debt owed by the student awarded such assistance, other than a debt owed to the Secretary and arising under this subchapter and part C of subchapter I of chapter 34 of title 42.

(e) "Disposable pay" defined

For the purpose of this section, the term "disposable pay" means that part of the compensation of any individual from an employer remaining after the deduction of any amounts required by law to be withheld.

(The Higher Education Act of 1965, title IV, § 488A [20 U.S.C. § 1095a.], as amended by Pub. L. 109-171, title VIII, § 8024.)



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF POSTSECONDARY EDUCATION

The following organizations have agreements with the U.S. Department of Education to participate in the Federal Family Education Loan (FFEL) Program as guaranty agencies under section 428(b) of the Higher Education Act of 1965, as amended (HEA). The guaranty agencies on this list are authorized by section 488A of the HEA, to issue administrative wage garnishment withholding orders at a rate of 15% to employers, to recover FFEL debts owed by individuals who have defaulted on their student loan repayment obligations. This authority does not apply to Federal agencies or their employees.

American Student Assistance (Massachusetts)
Student Loan Guarantee Foundation of Arkansas
California Student Aid Commission
Colorado Student Loan Program
Connecticut Student Loan Foundation
Education Assistance Corporation (South Dakota)
Educational Credit Management Corporation
Florida Department of Education, Office of Student Financial Assistance
Georgia Higher Education Assistance Corporation
Great Lakes Higher Education Corporation (Wisconsin)
Illinois Student Assistance Commission
Iowa College Student Aid Commission
Kentucky Higher Education Assistance Authority
Louisiana Office of Student Financial Assistance
Finance Authority of Maine
Michigan Higher Education Assistance Authority
Missouri Department of Higher Education
Montana Guaranteed Student Loan Program
National Student Loan Program (Nebraska)
New Hampshire Higher Education Assistance Foundation
New Jersey Higher Education Assistance Authority
New Mexico Student Loan Guarantee Corporation
New York State Higher Education Services Corporation
North Carolina State Education Assistance Authority
Student Loans of North Dakota
Oklahoma Guaranteed Student Loan Program
American Education Services/PHEAA
Rhode Island Higher Education Assistance Authority
South Carolina Student Loan Corporation
Tennessee Student Assistance Corporation
Texas Guaranteed Student Loan Corporation
USA Funds
Utah Higher Education Assistance Authority
Vermont Student Assistance Corporation
Northwest Education Loan Association (NELA)

400 MARYLAND AVE., S.W. WASHINGTON, D.C. 20202

Our mission is to ensure equal access to education and to promote educational excellence throughout the Nation.



www.TG.org

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