DEPARTMENT OF THE TREASURY
FINANCIAL MANAGEMENT SERVICE
WASHINGTON, D.C. 20227

COMMISSIONER

November 19, 2010

**ACTION MEMORANDUM FOR SECRETARY GEITHNER**

**THROUGH:** JEFFREY A. GOLDSTEIN
UNDER SECRETARY FOR DOMESTIC FINANCE

RICHARD L. GREGG
FISCAL ASSISTANT SECRETARY

**FROM:** DAVID A. LEBRYK, COMMISSIONER
FINANCIAL MANAGEMENT SERVICE

**SUBJECT:** Report to the President: Implementation of Executive Order 13019 (Supporting Families: Collecting Delinquent Child Support Obligations)

**Recommendation**

That you sign and forward the attached letter to the President.

_____Approve _____Disapprove _____Let's Discuss

**Background**

Executive Order 13019 requires Treasury to report annually to the President on the collection of delinquent child support obligations.

As authorized by the Omnibus Budget Reconciliation Act of 1981, Treasury has been intercepting federal tax refund payments to collect delinquent child support since 1982. The Debt Collection Improvement Act of 1996 (DCIA) authorizes Treasury to intercept certain federal non-tax payments to collect delinquent child support obligations, a process known as administrative offset.

Executive Order 13019 instructs Treasury, in consultation with the Department of Health and Human Services (HHS), to implement the DCIA provisions related to child support collection. In addition, the Order requires the Attorney General to issue due process guidelines for federal agencies to deny direct and indirect loan assistance to delinquent child support debtors whose payments are subject to administrative offset.

The attached letter to the President details the efforts and accomplishments of Treasury and HHS in implementing the Order.

**Attachment**

Tab 1: 2010 Annual Child Support Letter to the President

Tab 2: Executive Order 13019 - Supporting Families: Collecting Delinquent Child Support Obligations

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

January 6, 2011

The President
The White House
Washington, DC 20500

Dear Mr. President:

Through this letter, I am pleased to provide the Department of the Treasury's annual report of compliance with Executive Order 13019 – *Supporting Families: Collecting Delinquent Child Support Obligations*. In fiscal year 2010, Treasury continued to collect substantial amounts of delinquent child support debts through its Treasury Offset Program (TOP).

TOP collects delinquent child support debts by intercepting federal payments, a process known as "offset." Treasury has been offsetting federal income tax refunds to collect delinquent child support debts since the early 1980s. A key objective of the Executive Order, issued on September 28, 1996, is to collect delinquent child support obligations through the offset of non-tax federal payments. Treasury and the Department of Health and Human Services work jointly and with states and territories to further this goal.

In fiscal year 2010, Treasury collected approximately $2.11 billion in delinquent child support debts through offset. Of this amount, $2.09 billion was collected from tax refund payments and $17.3 million was collected from offsets of federal non-tax payments, including $7.7 million from the 2010 economic recovery payments. Since the issuance of Executive Order 13019 more than $24 billion has been collected through TOP from more than 24.4 million offsets to assist in the collection of past-due child support obligations.

Treasury remains strongly committed to collecting delinquent child support obligations through the use of offset of both federal tax refunds and non-tax payments. We will continue to support the important goal of carrying out the provisions of Executive Order 13019.

Sincerely,

Timothy F. Geithner

cc: The Honorable Kathleen Sebelius

federal register

Thursday
October 3, 1996

# Part IV

# The President

## Executive Order 13019—Supporting Families: Collecting Delinquent Child Support Obligations

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# Presidential Documents

Title 3—

The President

Executive Order 13019 of September 28, 1996

## Supporting Families: Collecting Delinquent Child Support Obligations

The Debt Collection Improvement Act of 1996, Public Law 104–134 (110 Stat. 1321–358 *et seq.)*, was enacted into law on April 26, 1996, as part of the Omnibus Consolidated Rescissions and Appropriations Act of 1996. While the primary purpose of the Debt Collection Improvement Act is to increase the collection of nontax debts owed to the Federal Government, the Act also contains important provisions that can be used to assist families in collecting past-due child support obligations.

The failure of some parents to meet their child support obligations threatens the health, education, and well-being of their children. Compounding this problem, States have experienced difficulties enforcing child support obligations once a parent has moved to another State. With this Executive order, my Administration takes additional steps to support our children and strengthen American families by facilitating the collection of delinquent child support obligations from persons who may be entitled or eligible to receive certain Federal payments or Federal assistance.

Accordingly, by the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered as follows:

Section 1. *Administrative Offsets.* (a)(1) The Secretary of the Treasury ("the Secretary"), in accordance with the provisions of the Debt Collection Improvement Act of 1996 and to the extent permitted by law, and in consultation with the Secretary of Health and Human Services and other affected agencies, shall promptly develop and implement procedures necessary for the Secretary to collect past-due child support debts by administrative offset, and shall issue such rules, regulations, and procedures as the Secretary, in consultation with the heads of affected agencies, deems appropriate to govern administrative offsets by the Department of the Treasury and other executive departments and agencies that disburse Federal payments.

(2) The Secretary may enter into reciprocal agreements with States concerning the collection by the Secretary of delinquent child support debts through administrative offsets.

(b) The Secretary of Health and Human Services shall, within 120 days of the date of this order, implement procedures necessary to report to the Secretary of the Treasury information on past-due child support claims referred by States (including claims enforced by States pursuant to cooperative agreements with or by Indian tribal governments) to the Department of Health and Human Services.

(c) The head of each executive department and agency that certifies payments to the Secretary or to another disbursing official shall review each class of payments that the department or agency certifies to determine if any such class should be exempt from offset and, if any class is so identified, submit to the Secretary a request for such an exemption together with the reasons therefor. With respect to classes of payments under means-tested programs existing on the date of this order, such submission shall be made within 30 days of the date of this order. With respect to classes of payments other than payments under means-tested programs existing on the date of this order, such submissions shall be made within 30 days of the date the Secretary establishes standards pursuant to section 3716(c)(3)

of title 31, United States Code. With respect to a class of payments established after the date of this order, such submissions shall be made not later than 30 days after such class is established.

(d) The head of each executive department and agency that certifies payments to the Secretary shall promptly implement any rule, regulation, or procedure issued by the Secretary pursuant to this section.

(e) The head of each executive department and agency that is authorized by law to disburse payments shall promptly implement any rule, regulation, or procedure issued by the Secretary pursuant to this section and shall:

(1) match, consistent with computer privacy matching laws, the payment certification records of such department or agency with records of persons delinquent in child support payments as directed by the Secretary; and

(2) conduct administrative offsets to collect delinquent child support payments.

(f) The Secretary shall, to the extent permitted by law, share with the Secretary of Health and Human Services any information contained in payment certification records of persons who are delinquent in child support obligations that would assist in the collection of such debts, whether or not an administrative offset is conducted.

Sec. 2. *Denial of Federal Assistance.* (a) The Secretary shall, to the extent permitted by law, ensure that information concerning individuals whose payments are subject to administrative offset because of delinquent child support obligations is made available to the head of each executive department and agency that provides Federal financial assistance to individuals.

(b) In conformance with section 2(e) of this order, the head of each executive department and agency shall, with respect to any individuals whose payments are subject to administrative offset because of a delinquent child support obligation, promptly implement procedures to deny Federal financial assistance to such individuals.

(c) The Attorney General, in consultation with the Secretary of Health and Human Services and other affected agencies, shall promptly issue guidelines for departments and agencies concerning minimum due-process standards to be included in the procedures required by subsection (b) of this section.

(d) For purposes of this section, Federal financial assistance means any Federal loan (other than a disaster loan), loan guarantee, or loan insurance.

(e)(1) A class of Federal financial assistance shall not be subject to denial if the head of the concerned department or agency determines:

(A) in consultation with the Attorney General and the Secretary of Health and Human Services, that such action:

(i) is not permitted by law; or

(ii) would likely result in valid legal claims for damages against the United States;

(B) that such action would be inconsistent with the best interests of the child or children with respect to whom a child support obligation is owed; or

(C) that such action should be waived.

(2) The head of each executive department and agency shall provide written notification to the Secretary upon determining that the denial of a class of Federal financial assistance is not permitted by law or should be waived.

(f) The head of each executive department and agency shall:

(1) review all laws under the jurisdiction of the department or agency that do not permit the denial of Federal financial assistance to individuals and whose payments are subject to administrative offset because of a delin-

quent child support obligation and, where appropriate, transmit to the Director of the Office of Management and Budget recommendations for statutory changes; and

(2) to the extent practicable, review all rules, regulations, and procedures implementing laws under the jurisdiction of the department or agency governing the provision of any Federal financial assistance to individuals and, where appropriate, conform such rules, regulations, and procedures to the provisions of this order and the rules, regulations, and procedures issued by the Secretary pursuant to section 1 of this order.

Sec. 3. *Reports.* (a) The head of each executive department and agency shall provide to the Secretary such information as the Secretary may request concerning the implementation of this order, the provisions of the Debt Collection Improvement Act of 1996 applicable to delinquent child support obligations, and the rules, regulations, and procedures issued by the Secretary pursuant to section 1 of this order.

(b) The Secretary shall report annually to the President concerning the implementation by departments and agencies of this order and the provisions of the Debt Collection Improvement Act of 1996 applicable to delinquent child support obligations.

Sec. 4. *Judicial Review.* This order does not create any right or benefit, substantive or procedural, enforceable at law by a party against the United States, its agencies, its officers, or any person.

William J. Clinton

THE WHITE HOUSE,
*September 28, 1996.*

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