

THE WHITE HOUSE
Office of the Press Secretary

WR -
CSE Exec
Orders

For Immediate Release

June 18, 1996

June 18, 1996

MEMORANDUM FOR THE SECRETARY OF LABOR

SUBJECT: Child Support Initiative

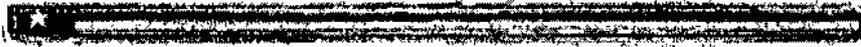
I hereby direct you to assist in the implementation of the plan I am announcing today to strengthen the child support system and promote parental responsibility.

I direct you to exercise your legal authority in a manner that will assist the implementation of the plan by encouraging those State employment security agencies that collect new-hire information for use in child support enforcement to report such information to the Department of Health and Human Service's pilot program for matching new-hire data with Federal Parent Locator Service data in order to better track parents owing child support who have taken a job in another State.

The plan I have outlined will help strengthen child support operations by toughening the paternity establishment requirements for applicants for welfare and by enabling States to locate, and withhold wages from, child support obligors who have taken a job in another State. Its prompt implementation is integral to achieving our goal of promoting the American value of parental responsibility.

WILLIAM J. CLINTON

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To comment on this service: feedback@www.whitehouse.gov

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WHITE HOUSE STAFFING MEMORANDUM

DATE: 9/27 ACTION/CONCURRENCE/COMMENT DUE BY: Immediate

SUBJECT: Proposed EO - Child Support WR - Child Support (Exec. order)

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	McCURRY	<input type="checkbox"/>	<input checked="" type="checkbox"/>
PANETTA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	McGINTY	<input type="checkbox"/>	<input type="checkbox"/>
McLARTY	<input type="checkbox"/>	<input type="checkbox"/>	NASH	<input type="checkbox"/>	<input type="checkbox"/>
ICKES	<input type="checkbox"/>	<input checked="" type="checkbox"/>	QUINN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
LIEBERMAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	RASCO	<input checked="" type="checkbox"/>	<input type="checkbox"/>
RAINES	<input type="checkbox"/>	<input type="checkbox"/>	REED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BAER	<input type="checkbox"/>	<input type="checkbox"/>	SOSNIK	<input type="checkbox"/>	<input type="checkbox"/>
CURRY	<input type="checkbox"/>	<input type="checkbox"/>	STEPHANOPOULOS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EMANUEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	STIGLITZ	<input type="checkbox"/>	<input type="checkbox"/>
GIBBONS	<input type="checkbox"/>	<input type="checkbox"/>	STREETT	<input type="checkbox"/>	<input type="checkbox"/>
HALE	<input type="checkbox"/>	<input type="checkbox"/>	TYSON	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HERMAN	<input type="checkbox"/>	<input type="checkbox"/>	HAWLEY	<input type="checkbox"/>	<input type="checkbox"/>
HIGGINS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	WILLIAMS	<input type="checkbox"/>	<input type="checkbox"/>
HILLEY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Wallman</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
KLAIN	<input type="checkbox"/>	<input type="checkbox"/>	<u>Spurling</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
LAKE	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
LINDSEY	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS: Comments to his office

RESPONSE:



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 27, 1996

86 SEP 27 11:11

THE DIRECTOR

MEMORANDUM FOR THE PRESIDENT

FROM: Franklin D. Raines
Director

SUBJECT: Proposed Executive Order Entitled "Supporting Families: Collecting Delinquent Child Support Obligations"

SUMMARY: This memorandum forwards for your consideration a proposed Executive order that was prepared by the Department of the Treasury. The proposed order would require Executive agencies to take certain steps to assist in the collection of delinquent child support.

BACKGROUND: The Debt Collection Improvement Act of 1996 ("Act") requires the Federal Government to deny Federal financial assistance to persons who are delinquent on Federal non-tax debts. Among other authorities to collect debt, the Act provides authority to the agencies for administrative offset of delinquent child support debts.

The proposed order would accelerate the implementation of administrative offsets to collect delinquent child support debts by directing the Secretary of the Treasury ("Secretary") and Executive departments and agencies to take the necessary actions to carry out the offsets. It would further direct Executive departments and agencies, to the extent permitted by law, to deny federal loans, loan guarantees or loan insurance to persons whose payments are subject to administrative offset on account of a delinquent child support obligations.

The order would require Executive departments and agencies to provide the Secretary with such information as the Secretary may request to implement the order. It would require the Secretary to report annually to the President concerning the Executive departments' and agencies' implementation of the order.

None of the affected agencies objects to the proposed Executive order.

RECOMMENDATION: I recommend that you sign the proposed Executive order.

EXECUTIVE ORDER

SUPPORTING FAMILIES:

COLLECTING DELINQUENT CHILD SUPPORT OBLIGATIONS

The Debt Collection Improvement Act of 1996, Pub. L. 104-134, 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 non-tax 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, the Federal Government 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 and/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 Officers.

(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 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 31 U.S.C. 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), 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).

(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 delinquent 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:

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.

(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.

THE WHITE HOUSE,

Child Support Enforcement Initiatives Fact Sheet

Two Initiatives

Today, President Clinton is announcing two significant steps to increase child support collections:

- O Ordering that a streamlined Federal system be activated to offset most Federal payments to pay past due child support debts.
- O Ordering Federal agencies, where permitted by law, to take necessary steps to deny loans, loan guarantees or loan insurance to any individual who is delinquent on child support debt.

Description of The Two Initiatives

Today, the President is announcing two initiatives that will expedite and improve the collection of delinquent child support debt. These Federal initiatives should be especially useful in the 30 percent of child support cases where the person owing support lives in a different state than the custodial parent and children.

1. Offsetting Federal Payments to Collect Child Support Debt

- O In April, the President signed Public Law 104-134 which included the Debt Collection Improvement Act of 1996. This Act permits the Secretary of the Treasury to negotiate agreements with states which will allow the Treasury's Financial Management Service to offset most Federal payments to satisfy delinquent child support obligations.
- O Federal income tax refunds are already being offset to collect past due child support.
- O The Federal Government makes a wide variety of other payments that could also be offset to collect delinquent child support.
- O Many of these payments are not currently being offset at all for this purpose.
- O Although wages and salaries paid to Federal employees are now being garnished in some cases, there is no single centralized, automated system through which this can be done (the Uniformed Services do have a system of their own).
- O State child support agencies who wish to garnish wages of a Federal employee must figure out which of a

plethora of Federal disbursement units to work with.

- O In 1996, the Federal government offset over one million tax refunds for \$976 million for child support. Statistical studies reflect that over \$800 million in other Federal payments were disbursed to delinquent child support debtors.
- O The President's Executive Order will create one centralized, automated system in the Treasury Department's Financial Management Service (and in a few satellite locations) that can offset or facilitate the offset of any federal payment -- including wages and salaries -- made to an individual to collect delinquent child support (except those payments specifically exempted by law). This includes:
 - Federal wages and salaries(including Uniformed Serv.)
 - Federal retirement, disability and survivor benefits
 - Military retirement and survivor benefits
 - Worker's compensation
 - Certain payments to vendors (e.g., personal service providers, federal awards)
 - Consulting fees
 - Grants and loans to individuals
- O Implementation of this order will begin immediately.
- 2. Denial of Federal Loans to Child Support Debtors
 - O The President's Executive Order requires all Federal agencies to review their authorities and, where permissible, to deny loans to any delinquent child support debtor (unless the extension of credit is required by law or specifically approved by the head of the agency). For other loan programs, it would further require all agencies to suggest proper statutory changes wherever necessary.
 - O This order also applies to loan guarantees and loan insurance.
 - O Examples of Federal Loan Programs are as follows:
 - HUD Housing Loans - single family
 - Certain Education Loans
 - Small Business Loans
 - Bureau of Indian Affairs Loans
 - Veterans Affairs Housing Loans
 - Agriculture Loans

Q: How many child support debts will be collected by withholding Federal payments?

A: In 1996 we offset over one million tax refunds for \$976 million for child support. Statistical studies reflect that over \$800 million in other federal payments were disbursed to delinquent child support debtors.

Q: Has the Federal Government previously denied Federal loans to individuals who are delinquent in child support payments?

A: Creditworthiness is a criterion for approval of many, if not most, Federal loan programs. This Executive Order establishes a Government-wide policy that a delinquent child support obligor should not be considered credit-worthy and thus should be denied Federal loans.

Q: Why hasn't the Federal Government offset payments and denied loans to people delinquent on their child support obligations before?

A: We have offset tax refunds, however, the Debt Collection Improvement Act which I signed on April 26, 1996, expanded the Government's authority to offset other Federal payments to collect past due child support.

Q: What about Federal employees who are delinquent on their child support payments?

A: I signed an Executive Order in February 1995 requiring all Executive Agencies to facilitate payment of child support through the withholding of Federal wages.

Q: What other kinds of Federal payments will be withheld from delinquent child support obligors and applied to their child support debts?

A: Tax refunds and Federal salaries are already withheld. Other payments include:

- Federal retirement, disability, and survivor benefits

- Military retirement and survivor benefits

- Worker's compensation

- Certain payments to vendors (e.g., consultants, personal service providers, Federal awards)

- Grants and loans to individuals

Q: How many Federal payments will be involved?

A: The Treasury Department disburses approximately 850 million payments each year. In addition, the Defense Department and the United States Postal Service disburse approximately 122 million payments annually.

Q: Are there any payments that would not be offset to collect child support delinquent debts?

A: Most benefit payments, means-tested payments, and student loan payments will not be withheld to pay child support debts. Also, if a payment offset would tend to interfere substantially with or defeat the purposes of a Federal program, the payment would be exempt.

Q: Does the Federal Government make many loans?

A: The Federal Government had \$881 billion in direct, guaranteed and insured loans outstanding as of June 30, 1996.

THE CLINTON RECORD ON CHILD SUPPORT ENFORCEMENT

Today, President Clinton announced two steps to immediately increase child support collections. First, the President directed the Treasury Department to activate a centralized, streamlined Federal system to offset child support debts against most Federal payments. Second, the President directed the Treasury Department to order Federal agencies to take necessary steps to deny government loans to non-paying parents. In addition, President Clinton announced that, at his direction, the Justice Department submitted legislation to Congress this week that would make crossing state lines to avoid paying child support a felony offense and would strengthen the penalty for offenders. These actions build on President Clinton's previous child support enforcement initiatives, which have already produced record child support collections: In fiscal year 1996, the federal-state partnership collected nearly \$11.8 billion from non-custodial parents, an increase of \$4 billion, or nearly 50 percent, since 1992.

Executive Action

Today, President Clinton directed the Treasury Department to take two steps to immediately increase child support collections: activate a centralized, streamlined Federal system to offset child support debts against most Federal payments, and order Federal agencies to take necessary steps to deny loans, loan guarantees, or loan insurance to any individual who is delinquent on child support debt. Examples of Federal loan programs that could be affected include HUD housing loans (single family), small business loans, and farm loans. These actions build on previous executive actions, including: implementing a new program that will help track non-paying parents across state lines; challenging all states to adopt statewide new hire reporting programs; and issuing new regulations requiring women who apply for welfare to comply with paternity establishment requirements before receiving benefits; and issuing an Executive Order to make the federal government a model employer in the area of child support enforcement.

Prosecuting Non-Payers

Billions of dollars more in support is owed to children whose parents have crossed state lines and failed to pay. The Justice Department is aggressively investigating and prosecuting cases where parents cross state lines to avoid payment under the Child Support Recovery Act. At President Clinton's direction, the Justice Department submitted legislation to Congress this week that would make it a felony offense to cross state lines to evade a child support obligation if the obligation has remained unpaid for longer than one year or is greater than \$5,000; or to willfully fail to pay a child support obligation for a child living in another state if the obligation has remained unpaid for a period longer than two years or is greater than \$10,000.

New Hire Program Success

On June 18, 1996 President Clinton announced a new national program to track parents who owe child support across state lines. Under the program, 17 states have already sent their new hire information to the Department of Health and Human Services (HHS). The state information is then matched by computer against lists of non-paying parents sent to HHS from all the states. This information is then sent back to the states so they can issue a wage garnishment order and send it to the delinquent parent's employer. Today, President Clinton announced that preliminary data from participating states show that the program has already located over 60,000 delinquent parents. Of these, 35,000 were parents who owed support to mothers and children on welfare.

Seizing Tax Refunds

According to preliminary estimates, the Federal government will collect a record \$1 billion in delinquent child support by intercepting income tax refunds of non-paying parents for tax year 1995. In February 1996, HHS announced the collection of a record \$828 million in delinquent child support for 1994 by withholding income tax refunds of non-paying parents. Benefiting over one million families, the amount was nearly 18 percent more than collections from income tax refunds for 1993.

Improving Paternity Establishment

The Clinton Administration has made paternity establishment a top priority. In FY 1996, approximately 800,000 paternities were established, an increase of over 50 percent since 1992. In 1993, the Clinton Administration proposed, and Congress adopted, a requirement that states establish hospital-based paternity programs as a proactive way to establish paternities early in a child's life. These programs are just now being implemented, but data from thirty-one states indicates that more than 200,000 paternities were established through the program in 1995.

U.S. Postal Service Posts "Wanted Lists"

The U.S. Postal Service is working with states to display "Wanted Lists" of parents who owe child support in post offices. Each state that has such a list will be able to provide it to the Postal Service, and the list will be displayed in post offices within that state. The President has also challenged every state to create a "Wanted List" to expand efforts to track down parents who owe support and send the strongest possible message that evasion of child support responsibilities is a serious offense.

Action through the Internet

HHS's Office of Child Support Enforcement now has a home page on the Internet that provides information on the child support enforcement program, tell parents where they can apply for child support assistance, and links them to states that have their own home pages (currently 20).

Improvements Under the New Welfare Law

The new welfare law contains the tough child support enforcement measures President Clinton called for from the start. These five new measures are projected to increase child support collections by an additional \$24 billion and reduce federal welfare costs by \$4 billion over the next 10 years: the national new hire reporting system; streamlined paternity establishment and stricter cooperation requirements; uniform interstate child support laws; computerized state-wide collections to speed up payments; and tough new penalties, such as drivers' license revocation.

NEW CLINTON PROGRAM FINDS 60,000 DELINQUENT PARENTS

The New Federal Program to Track Delinquent Parents Across State Lines

On June 18, 1996 President Clinton announced a new national program to track parents who owe child support across state lines. Under the program, 17 states have already sent their new hire information to the Department of Health and Human Services (HHS). The state information is then matched by computer against lists of non-paying parents sent to HHS from all the states. Matches are then sent back to the states so they can issue a wage garnishment order and send it to the delinquent parent's employer. Today, President Clinton announced that preliminary data from participating states show that the program has already located over 60,000 delinquent parents. Of these, 35,000 were parents who owed support to mothers and children on welfare.

A More Sweeping Program Under Welfare Reform

The new welfare law includes an even more comprehensive national computer tracking system, based on the President's pilot new hire program. Under the new program, all 50 states will be required to submit data on new hires and child support cases for computer matching. When fully implemented, this system will have the capacity to match data every two days, dramatically reducing the time it takes to locate non-paying parents. The new system is projected to increase collections by \$6.4 billion dollars and save the federal government \$1.1 billion dollars over 10 years.

Catching Non-Paying Parents Where They Work

In the past six years, 25 states have adopted new-hire reporting programs that require or encourage employers to report new hires to a state agency. That information is then cross-matched by computer against lists of non-paying parents or individuals otherwise sought by the child support agency. When a match is found, the wages of that non-paying parent can then be garnished or other appropriate action, such as a paternity proceeding, initiated. These programs have been called the single biggest innovation in child support enforcement in the past decade, and have significantly increased collections in the states that have adopted them.

While these programs have helped to locate delinquent parents within a state, they could not find those non-paying parents who live and work in another state. The program announced by the President on June 18 took the first step towards interstate new hire tracking.

Improvements Under the New Welfare Law

The new welfare law contains the tough child support enforcement measures President Clinton called for from the start. These five new measures are projected to increase child support collections by an additional \$24 billion and reduce federal welfare costs by \$4 billion over the next 10 years: the national new hire reporting system; streamlined paternity establishment and stricter cooperation requirements; uniform interstate child support laws; computerized state-wide collections to speed up payments; and tough new penalties, such as drivers' license revocation. As the President has said, the new child support measures will send the strongest possible message to parents: "if you don't pay the child support you owe, we'll garnish your wages, take away your driver's license, track you across state lines, and, if necessary, make you work off what you owe."

Examples of Federal Loan Programs That Consider Credit-Worthiness

Small Business Loans - 15 U.S.C. § 633 - requires recipient to certify that the recipient is not more than 60 days delinquent under the terms of a child support order or payment agreement. Based on our discussions with SBA counsel, it is our understanding that SBA and its lenders currently comply with this law.

***HUD Housing Loans (Single Family)** - 12 U.S.C. § 1709 - requires recipients of Federal financial assistance (via a Federal guarantee of a single family mortgage loan made by a bank) to have a "reasonable ability to pay" the loan. HUD uses this statute to establish credit-worthiness as an eligibility requirement for guaranteeing single family loans. 12 U.S.C. § 1709(b)(4). Assignees of HUD-guaranteed mortgages must be determined as "credit-worthy under standards prescribed by the Secretary." 12 U.S.C. § 1709(r).

***Education Loans - PLUS Loans** (loans to parents of students) - parent is eligible to receive a loan if, among other things, the parent does not have an "adverse credit history." 20 U.S.C. § 1078-2(a); 34 C.F.R. § 682.201(b)(7).

***Bureau of Indian Affairs Loans** - Secretary may approve the application of a loan to individual Indians or economic enterprises to be guaranteed by the Federal Government "only when, in the judgment of the Secretary [of Interior], there is a reasonable prospect of repayment." 25 U.S.C. § 1484.

***Veterans' Affairs Housing Loans** - A loan guarantee may not be issued unless the veteran applicant is "a satisfactory credit risk." 38 U.S.C. § 3710; 38 C.F.R. § 36.4337(g).

***Agriculture Loans** - The credit-worthiness of an applicant is one factor to be considered to determine eligibility for various Agriculture loans such as Farm Loans, Operating Loans, Single Family Rural Housing Loans, etc. 42 U.S.C. § 1472; 7 C.F.R. § 1910.5(b)-(c).

** Based on conversations with counsel at the various departmental and agency offices, we understand the following:*

- ▶ *Eligibility criteria for these loan programs do not currently specifically require denial of assistance based on delinquent child support.*
- ▶ *The laws cited above would allow the departments and agencies to specifically require that a loan be denied because of delinquent child support, barring extenuating circumstances in individual situations.*

Administrative Offset of Federal Payments to Collect Delinquent Child Support

- The Debt Collection Improvement Act of 1996 (P.L. 104-134) ("DCIA") authorizes the Secretary of the Treasury to collect debts enforced by States, including past-due child support, through administrative offset.
 - 31 U.S.C. § 3701(b)(2), as added by the DCIA, defines "debt" for purposes of administrative offset (and not for any other purpose under the DCIA¹) as an "amount of funds or property owed by a person to a State (including any past-due support being enforced by the State)." Past-due child support orders are enforced by States and therefore fit the DCIA definition of "debts owed by a person to States" for purposes of the administrative offset of Federal payments to collect State debts as authorized under the DCIA.
 - 31 U.S.C. § 3716(h), as added by the DCIA, authorizes the Secretary of the Treasury to enter into reciprocal agreements with States for the purpose of offsetting Federal payments to collect "any past-due, legally enforceable debt owed to a State", subject to certain conditions outlined in the DCIA.

Denial of Federal Financial Assistance to Delinquent Child Support Obligor

- The DCIA does not authorize agencies to deny Federal financial assistance to delinquent child support obligors. The DCIA does have a provision that requires Federal agencies to deny a Federal loan to a person who has an outstanding non-tax delinquent debt due to the Federal Government. This provision does not apply to past-due child support debt, the collection of which is enforced by States. 31 U.S.C. § 3720B as added by the DCIA.
- Federal law currently requires that a recipient of Federal financial assistance (direct loan or loan guarantee) from the Small Business Administration (SBA) under 15 U.S.C. § 633(f) certify that the recipient is not more than 60 days delinquent under the terms of a child support order or payment agreement. 15 U.S.C. § 633(f).
- OMB Circular No. A-129 dated January 11, 1993 ("Circular")² sets forth policies for

¹ 31 U.S.C. § 3701(b)(1) contains the definition of "debt" for all Federal collection purposes.

² The Circular states that it is issued under the authority of the Budget and Accounting Act of 1921, as amended; the Budget and Accounting Act of 1950, as amended; the Debt Collection Act of 1982, as amended; Section 2653 of Public Law 98-369; the Federal Credit Reform Act of 1990; the Chief Financial Officers Act of 1990; Executive Order 8248; the Cash Management Improvement Act Amendments of 1992; and pre-existing common law authority to charge interest on debts and to offset debts administratively. FMS Office of Chief Counsel has

Federal credit programs. Among other things, OMB set standards for extending Federal credit.

- The Circular's policies apply to all credit programs of the Federal Government, unless the policies and standards in the Circular are "statutorily prohibited or inconsistent with statutory requirements." Agencies are required to periodically review relevant laws to justify continuance of any non-conformance with the Circular's standards. See General Information of the Circular, paragraphs 1 and 3.
- Among other things, the Circular requires that agencies ensure that "[e]very effort is made to prevent future delinquencies by following appropriate screening standards and procedures for determination of credit worthiness." See Appendix A of the Circular, Section I. 4. a. (3), page 5.
- Agencies are required to incorporate these standards into their regulations and procedures for credit programs. See Appendix A of the Circular, Section I. 4. b. (2), page 6.
- When screening applicants for Federal assistance, in addition to determining whether an applicant is delinquent on a Federal debt, agencies shall determine that applicants have the "ability to repay the loan, as well as a satisfactory history of repaying debt." (emphasis added). This policy applies where credit worthiness is a criterion for loan approval. See Appendix A of the Circular, Section III. A. 1. c., page 14.
- The proposed Executive Order requires agencies to deny Federal credit to delinquent child support obligors to the extent permitted by law. Basically, the proposed order sets forth the policy that delinquent child support obligors should not be considered credit-worthy and should be denied Federal loans. Agencies are required to review their laws to determine the extent to which statutory changes are required to implement this policy for all credit programs.

not independently reviewed OMB's stated authority to issue Circular No. A-129.

9/26/96

NOTE TO MICHAEL WALDMAN AND BRUCE REED -

An addendum to my previous note:

I understand that you also wanted to note in the radio address that HHS will be giving out increased federal funds for child care next week, also because of provisions in the welfare law. In fact, the amount of mandatory (i.e., entitlement) funding for child care will be approximately \$1.92 billion in the fiscal year that begins Tuesday, up from \$1.35 billion last year. We expect about one-quarter of this money will go out to states Tuesday, although I'm still checking on that. (States used to get the money in quarterly installments, and I assume that's true.) This also does not include discretionary child care funding, which will come later in the year, and is not expected to increase as much.

If you need any further information, please don't hesitate to call. The draft fact sheets on child support are also attached.

Melissa Skolfield

THE CLINTON RECORD ON CHILD SUPPORT ENFORCEMENT

Today, President Clinton announced two steps to immediately increase child support collections. First, the President directed the Treasury Department to order Federal agencies to deny loans, licenses, contracts, most Federal payments, and other privileges to individuals who owe child support. Second, President Clinton announced that, at his direction, the Justice Department submitted legislation to Congress this week that would make it a felony offense to owe more than \$5,000 in delinquent child support or to cross state lines to avoid paying child support. These actions build on President Clinton's previous child support enforcement initiatives, which have already produced record child support collections: In fiscal year 1996, the federal-state partnership collected nearly \$11.8 billion from non-custodial parents, an increase of \$4 billion, or nearly 50 percent, since 1992.

Executive Action

Today, President Clinton also announced three steps to immediately increase child support collections: ordering Federal agencies to take necessary steps to deny loans, loan guarantees, or loan insurance (including FHA Housing loans, SBA small business loans, and student loans) to any individual who is delinquent on child support debt; ordering Federal agencies to take necessary steps to deny, suspend, terminate, or revoke federal licenses, permits, contracts, or privileges to individuals who owe child support; and ordering that a streamlined Federal system be activated within 120 days to offset child support debts against most Federal payments. These actions build on previous executive actions, including: implementing a new program that will help track non-paying parents across state lines; challenging all states to adopt statewide new hire reporting programs; and issuing new regulations requiring women who apply for welfare to comply with paternity establishment requirements before receiving benefits; and issuing an executive order to make the federal government a model employer in the area of child support enforcement.

Prosecuting Non-Payers

Billions of dollars more in support is owed to children whose parents have crossed state lines and failed to pay. The Justice Department is aggressively investigating and prosecuting cases where parents cross state lines to avoid payment under the Child Support Recovery Act. At President Clinton's direction, the Justice Department submitted legislation to Congress this week that would make it a felony offense to owe more than \$5,000 in delinquent child support or to cross state lines to avoid paying child support.

New Hire Program Success

On June 18, 1996 President Clinton announced a new national program to track parents who owe child support across state lines. Under the program, the 25 states with new hire programs in place can now send their new hire information to the Department of Health and Human Services (HHS). The state information is then matched by computer against lists of non-paying parents sent to HHS from all the states. This information is then sent back to the states so they can issue a wage garnishment order and send it to the delinquent parent's employer. Today, President Clinton announced that preliminary data from participating show that the program has already located over 60,000 delinquent parents. Of these, 35,000 were parents who owed support to mothers and children on welfare.

Seizing Tax Refunds

According to preliminary estimates, the Federal government will collect a record \$1 billion in delinquent child support by intercepting income tax refunds of non-paying parents for tax year 1995. In February 1996, HHS announced the collection of a record \$828 million in delinquent child support for 1994 by withholding income tax refunds of non-paying parents. Benefiting over one million families, the amount was nearly 18 percent more than collections from income tax refunds for 1993.

Improving Paternity Establishment

The Clinton Administration has made paternity establishment a top priority. In FY 1996, approximately 800,000 paternitys were established, an increase of over 50 percent since 1992. In 1993, the Clinton Administration proposed, and Congress adopted, a requirement that states establish hospital-based paternity programs as a proactive way to establish paternitys early in a child's life. These programs are just now being implemented, but data from thirty-one states indicates that more than 200,000 paternitys were established through the program in 1995.

U.S. Postal Service Posts "Wanted Lists"

The U.S. Postal Service is working with states to display "Wanted Lists" of parents who owe child support in post offices. Each state that has such a list will be able to provide it to the Postal Service, and the list will be displayed in post offices within that state. The President has also challenged every state to create a "Wanted List" to expand efforts to track down parents who owe support and send the strongest possible message that evasion of child support responsibilities is a serious offense.

Action through the Internet

HHS's Office of Child Support Enforcement now has a home page on the Internet that provides information on the child support enforcement program, tell parents where they can apply for child support assistance, and links them to states that have their own home pages (currently 20).

Improvements Under the New Welfare Law

The new welfare law contains the tough child support enforcement measures President Clinton called for from the start. These five new measures are projected to increase child support collections by an additional \$24 billion and reduce federal welfare costs by \$4 billion over the next 10 years: the national new hire reporting system; streamlined paternity establishment and stricter cooperation requirements; uniform interstate child support laws; computerized state-wide collections to speed up payments; and tough new penalties, such as drivers' license revocation.

NEW CLINTON PROGRAM FINDS 60,000 DELINQUENT PARENTS

The New Federal Program to Track Delinquent Parents Across State Lines

On June 18, 1996 President Clinton announced a new national program to track parents who owe child support across state lines. Under the program, the 25 states with new hire programs in place can now send their new hire information to the Department of Health and Human Services (HHS). The state information is then matched by computer against lists of non-paying parents sent to HHS from all the states. Matches are then sent back to the states so they can issue a wage garnishment order and send it to the delinquent parent's employer. Today, President Clinton announced that preliminary data from participating states show that the program has already located over 60,000 delinquent parents. Of these, 35,000 were parents who owed support to mothers and children on welfare.

A More Sweeping Program Under Welfare Reform

The new welfare law includes an even more comprehensive national computer tracking system, based on the President's pilot new hire program. Under the new program, all 50 states will be required to submit data on new hires and child support cases for computer matching. When fully implemented, this system will have the capacity to match data every two days, dramatically reducing the time it takes to locate non-paying parents. The new system is projected to increase collections by \$6.4 billion dollars and save the federal government \$1.1 billion dollars over 10 years.

Catching Non-Paying Parents Where They Work

In the past six years, 25 states have adopted new-hire reporting programs that require or encourage employers to report new hires to a state agency. That information is then cross-matched by computer against lists of non-paying parents or individuals otherwise sought by the child support agency. When a match is found, the wages of that non-paying parent can then be garnished or other appropriate action, such as a paternity proceeding, initiated. These programs have been called the single biggest innovation in child support enforcement in the past decade, and have significantly increased collections in the states that have adopted them.

While these programs have helped to locate delinquent parents within a state, they could not find those non-paying parents who live and work in another state. The program announced by the President on June 18 took the first step towards interstate new hire tracking.

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9/27/96

NOTE TO BRUCE REED -

Here are the revised fact sheets. Could you take another look at them? Also, here is the memo to Betsy Myers re: the domestic violence event.

Thanks -
Melissa

THE CLINTON RECORD ON CHILD SUPPORT ENFORCEMENT

Today, President Clinton announced two steps to immediately increase child support collections. First, the President directed the Treasury Department to activate a centralized, streamlined Federal system to offset child support debts against most Federal payments. Second, the President directed the Treasury Department to order Federal agencies to take necessary steps to deny government loans to non-paying parents. In addition, President Clinton announced that, at his direction, the Justice Department submitted legislation to Congress this week that would make it a felony offense to cross state lines to evade a child support obligation if ~~the obligation has remained unpaid for longer than one year or is greater than \$5,000, or to willfully fail to pay a child support obligation for a child living in another state if the obligation has remained unpaid for a period longer than two years or is greater than \$10,000.~~ These actions build on President Clinton's previous child support enforcement initiatives, which have already produced record child support collections: In fiscal year 1996, the federal-state partnership collected nearly \$11.8 billion from non-custodial parents, an increase of \$4 billion, or nearly 50 percent, since 1992.

Executive Action

Today, President Clinton directed the Treasury Department to take two steps to immediately increase child support collections: activate a centralized, streamlined Federal system to offset child support debts against most Federal payments, and order Federal agencies to take necessary steps to deny loans, loan guarantees, or loan insurance (including FHA Housing loans, SBA small business loans, and farm loans) to any individual who is delinquent on child support debt. These actions build on previous executive actions, including: implementing a new program that will help track non-paying parents across state lines; challenging all states to adopt statewide new hire reporting programs; and issuing new regulations requiring women who apply for welfare to comply with paternity establishment requirements before receiving benefits; and issuing an executive order to make the federal government a model employer in the area of child support enforcement.

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September 27, 1996

TO: Betsy Myers
FROM: Melissa Skolfield, Virginia Cox, Amy Busch

We've seen a copy of your draft proposal for the domestic violence event, and it looks great. We've talked here about the White House event, and while we think it makes sense to have it on October 1, it might also be a good idea to have it later in the week, after we have a better idea of the funding levels in the continuing resolution for the domestic violence hotline and the shelter grants. (We also think this could either be an event or a written proclamation for National Domestic Violence Awareness month.)

In general, we think that the overall message should focus on the Administration's positive accomplishments in this area. Our recommendation would be for the President to speak first about the general problem of domestic violence and what the Administration has done to address it. He would mention the hotline, the new shelter money, the community checklist, and the new anti-stalking law. He would note that October 1 is Workplace Awareness Day, highlighting the efforts of CEOs (several would be in attendance) who are working to bring domestic violence education into the workplace. Finally, the President would then mention that one important aspect of the new welfare law is that it recognizes the special circumstances of victims of domestic violence. The President's Executive Order would give states the assistance and guidance they need to ensure that the particular safety concerns of battered women are recognized as the states move to implement welfare reform. The following are brief descriptions of these five pieces:

The National Domestic Violence Hotline The hotline has received over 50,000 calls since it was established on February 21, 1996. The vast majority of calls are from women and men who have never before reached out for assistance. Because of the tremendous response for this service from across the country, the hotline will receive \$1.2 million in funding for FY 1997 - an \$800,000 increase over its original authorization (NOTE: these numbers are still preliminary). 24-hour, toll-free service, the hotline represents a major step towards the Clinton Administration's goal of ensuring that every woman has access to information and emergency assistance, wherever and whenever she needs it.

Grants for Battered Women's Shelters. In 1997, HHS will award \$72.3 million - an increase of more than _____ over the \$47 million provided in 1996 (NOTE: these numbers are still preliminary) to states, territories, and tribes to provide shelter services to victims of family violence and their dependents. The funds will also be used for related services, such domestic violence outreach and prevention, children's counseling, and family violence prevention counseling.

New Federal Anti-Stalking Law On September 23, 1996, President Clinton signed into law the Interstate Stalking Punishment and Prevention Act of 1996, which dramatically toughens the law against stalkers. For the first time, this law makes it a Federal crime for any stalker to cross state lines to pursue a victim, whether or not there is a protection order in effect, whether or not they have committed an actual act of violence, whether or not they are a spouse or intimate of the victim. The President also called on Congress to pass legislation to extend the Brady Bill to keep guns away from people with a history of domestic violence.

Workplace Awareness The Workplace Resource Center, organized by the Family Violence Prevention Fund and supported by several corporations represented on the Advisory Council, is also providing help and education to employees in the private and public sectors concerning domestic violence -- through newsletters, information fairs, and workplace assistance. The Resource Center designated today, October 1, 1996, as Workplace Awareness Day, which kicked-off a month-long series of activities throughout the country.

Executive Action on Domestic Violence Today, President Clinton directed the Secretary of Health and Human Services to encourage all states to implement the Murray-Wellstone Amendment included in the new welfare law. The President also directed the Department of Health and Human Services and the Justice Department to develop guidance for states and to provide them with technical assistance in implementing the Family Violence Amendment. (The Amendment gives states the option to screen welfare recipients to identify those who are battered women; refer battered women to counseling and supportive services; and temporarily waive -- if the state chooses -- any program requirements that would make it harder for recipients to escape violence or would unfairly penalize victims of abuse).

Thank you again for including us in the planning of the event. We'd be happy to meet with you to discuss these ideas at any time.



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

FAX TRANSMITTAL SHEET

DATE: 9/27/96

NUMBER OF SHEETS TO FOLLOW: 2

TO: Bruce Reed

ADDRESSEE'S FAX #: 456-5557

ADDRESSEE'S CONFIRMATION #: _____

FROM: Ben Kyle

SENDER'S FAX #: 202-622-0073

SENDER'S CONFIRMATION #: 202-622-2735

SPECIAL INSTRUCTIONS/COMMENTS:

DRAFTChild Support Enforcement Initiatives Fact Sheet**Two Initiatives**

Today, President Clinton is announcing two significant steps to increase child support collections:

- Ordering that a streamlined Federal system be activated to offset most Federal payments to pay past due child support debts.
- Ordering Federal agencies, where permitted by law, to take necessary steps to deny loans, loan guarantees or loan insurance (see list of examples of relevant loans) to any individual who is delinquent on child support debt.

Description of The Two Initiatives

Today, the President is announcing two initiatives that will expedite and improve the collection of delinquent child support debt. These Federal initiatives should be especially useful in the 30 percent of child support cases where the person owing support lives in a different state than the custodial parent and children.

1. Offsetting Federal Payments to Collect Child Support Debt

- In April, the President signed Public Law 104-134 which included the Debt Collection Improvement Act of 1996. This Act permits the Secretary of the Treasury to negotiate agreements with states which will allow the Treasury's Financial Management Service to offset most Federal payments to satisfy delinquent child support obligations.
- Federal income tax refunds are already being offset to collect past due child support.
- The Federal Government makes a wide variety of other payments that could also be offset to collect delinquent child support.
- Many of these payments are not currently being offset at all for this purpose.
- Although wages and salaries paid to Federal employees are now being garnished in some cases, there is no single centralized, automated system through which this can be done (the Uniformed Services do have a system of their own).
- State child support agencies who wish to garnish wages of a Federal employee must figure out which of a

plethora of Federal disbursement units to work with.

- O In 1996, the Federal government offset over one million tax refunds for \$976 million for child support. Statistical studies reflect that over \$800 million in other Federal payments were disbursed to delinquent child support debtors.
- O The President's Executive Order will create one centralized, automated system in the Treasury Department's Financial Management Service (and in a few satellite locations) that can offset or facilitate the offset of any federal payment -- including wages and salaries -- made to an individual to collect delinquent child support (except those payments specifically exempted by law). This includes:
 - Federal wages and salaries (including Uniformed Serv.)
 - Federal retirement, disability and survivor benefits
 - Military retirement and survivor benefits
 - Worker's compensation
 - Certain payments to vendors (eg _____)
 - Consulting fees
 - Grants and loans to individuals

O Implementation of this order will begin immediately.

2. Denial of Federal Loans to Child Support Debtors

- O The President's Executive Order requires that all Federal agencies must deny loans to any child support debtor (unless a loan extension is required by law or specifically approved by the head of the agency). It would further require all agencies to review their authorities to ensure that such denials are legally permissible and to suggest proper statutory changes wherever necessary.
- O This order also applies to loan guarantees and loan insurance.
- O Examples of Federal Loan Programs that could be ^{denied} ~~considered~~:
are as follows ~~(see attached fact sheet)~~

Small Business Loans ~~(child support delinquency is already a requirement)~~

HUD Housing Loans - single family

^{Certain} Education Loans

Bureau of Indian Affairs Loans

Veterans Affairs Housing Loans

Agriculture Loans

RADIO ADDRESS INSERT

It will be particularly helpful for those children whose deadbeat parents cross state lines to try to avoid their obligations and responsibilities.

Today, I am issuing a new executive order designed to crack down even harder on those who refuse to pay their child support.

Second First, I am ordering federal agencies to take ~~to review their legal authority and~~ ~~in order to~~ steps to deny government loans -- such as small business loans, student loans, and home loans -- to deadbeat parents.

First Federal help states farm loans Second, the government will do more to collect the support ~~money~~. We will create a streamlined computer system that can find out which people who receive federal payments still owe child support. We will deduct child support debts from the fees paid to government consultants and vendors and the benefits paid to retired federal employees. These funds can then be paid directly to the ~~mother~~ custodial parent and the children.

This executive order says: if you owe child support, you shouldn't get the support of the national government. You can't make money off the taxpayers if you are refusing to support your family. It says: we mean business. And we will make responsibility a way of life.

Examples of Federal Loan Programs That Consider Credit-Worthiness

Small Business Loans - 15 U.S.C. § 633 - requires recipient to certify that the recipient is not more than 60 days delinquent under the terms of a child support order or payment agreement.

HUD Housing Loans (Single Family) - 12 U.S.C. § 1709 - requires recipients of Federal financial assistance (via a Federal guarantee of a single family mortgage loan made by a bank) to have a "reasonable ability to pay" the loan. HUD uses this statute to establish credit-worthiness as an eligibility requirement for guaranteeing single family loans. 12 U.S.C. § 1709(b)(4). Assignees of HUD-guaranteed mortgages must be determined as "creditworthy under standards prescribed by the Secretary." 12 U.S.C. § 1709(r).

Education Loans - PLUS Loans (loans to parents of students) - parent is eligible to receive a loan if, among other things, the parent does not have an "adverse credit history." 20 U.S.C. § 1078-2(a); 34 C.F.R. § 682.201(b)(7).

Bureau of Indian Affairs Loans - Secretary may approve the application of a loan to individual Indians or economic enterprises to be guaranteed by the Federal Government "only when, in the judgment of the Secretary [of Interior], there is a reasonable prospect of repayment." 25 U.S.C. § 1484.

Veterans' Affairs Housing Loans - loan guarantee may not be issued unless the veteran applicant is "a satisfactory credit risk." 38 U.S.C. § 3710; 38 C.F.R. § 36.4337(g).

Agriculture Loans - The credit-worthiness of an applicant is one factor to be considered to determine eligibility for various Agriculture loans such as Farm Loans, Operating Loans, Single Family Rural Housing Loans, etc. 12 U.S.C. § 1472; 7 C.F.R. § 1910.5(b)-(c).

Q. How would eligibility for veterans benefits be affected by the Executive Order?

A. By law, veterans-benefit payments are exempt from offset to collect child support (except in the limited situation where disability compensation is received in lieu of military retired pay). The Executive Order would not result in any change in this regard.

With one exception, VA benefit eligibility cannot be denied or suspended due to outstanding support obligations by a veteran or veteran's survivor. The law does permit denial of VA home-loan benefits on the basis of applicants' failure to meet their financial obligations.

Draft

Q: How many child support debts will be collected by withholding Federal payments?

A: In 1996 we offset over one million tax refunds for \$976 million for child support. Statistical studies reflect that over \$800 million in other federal payments were disbursed to delinquent child support debtors.

Q: Has the Federal Government previously denied Federal loans to individuals who are delinquent in child support payments?

A: Creditworthiness is a criterion for approval of many, if not most, Federal loan programs. This Executive Order establishes a Government-wide policy that a delinquent child support obligor is not credit-worthy, i.e., does not have a satisfactory history of repayment of debt.

Q: Why hasn't the Federal Government offset payments and denied loans to people delinquent on their child support obligations before?

A: We have offset tax refunds; however, the Debt Collection Improvement Act which I signed on April 26, 1996, expanded the Government's authority to offset other Federal payments to collect past due child support.

Q: What about Federal employees who are delinquent on their child support payments?

A: I signed an Executive Order in February 1995 requiring all Executive Agencies to facilitate payment of child support through the withholding of Federal wages.

Q: What other kinds of Federal payments will be withheld from delinquent child support obligors and applied to their child support debts?

A: Tax refunds are already intercepted. Other payments include:

- Federal retirement, disability, and survivor benefits
- Military retirement and survivor benefits
- Worker's compensation
- Payments to vendors (e.g., consultants, personal service providers, Federal awards)
- Grants and loans to individuals

Q: How many Federal payments will be involved?

A: The Treasury Department disburses approximately 850 million payments each year. In addition, the Defense Department and the United States Postal Service disburse approximately 122 million payments annually.

Q: Are there any payments that would not be offset to collect child support delinquent debts?

A: Most benefit payments, means-tested payments, and student loan payments will not be withheld to pay child support debts. Also, if a payment offset would tend to interfere substantially with or defeat the purposes of a Federal program, the payment would be exempt.

Q: Does the Federal Government make many loans?

A: The Federal Government had \$881 billion in direct, guaranteed and insured loans outstanding as of June 30, 1996.

DRAFT

FAX 456-5557

Executive Action

~~Child Support Enforcement Initiatives Fact Sheet~~

Two Initiatives

Today, President Clinton is announcing two significant steps to increase child support collections:

- o Ordering that a streamlined Federal system be activated to offset most Federal payments to pay past due child support debts.
- o Ordering Federal agencies to take necessary steps to deny loans, loan guarantees or loan insurance (including FHA and other Housing loans, SBA small business loans other than disaster loans, and certain student loans) to any individual who is delinquent on child support debt.

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Continued Improvement Is Foreseen

Continued improvement of child support enforcement will take place in the future as a result of Executive Orders previously issued by President Clinton and legislation already signed by him:

- o The President already signed an Executive Order which will make Federal agencies -- including the Uniformed Services -- model employers with regard to promoting and facilitating the establishment and enforcement of child support including garnishing wages of their employees.
- o The President signed welfare reform legislation last month which included tough child support enforcement measures that he proposed more than two years ago (e.g. requiring states to revoke drivers and professional licenses of child support debtors).
 - The new child support enforcement mechanisms in the welfare reform legislation -- once they are fully implemented -- could increase child support collections by as much as \$24 billion over ten years and can be expected to remove 800,000 women and children from the welfare rolls.
- o The President ^{recently} ~~previously~~ signed Public Law 104-134 which included the Debt Collection Improvement Act of 1996. This Act permits the Secretary of the Treasury to negotiate agreements with States which will allow the Treasury's Financial Management Service to offset most Federal payments to satisfy delinquent child support obligations.

Major Improvement has Already Occurred Under President Clinton

An enormous amount has already been accomplished to increase child support enforcement during President Clinton's first term:

- O In 1995, a record \$11 billion of child support was collected. This was \$3 billion or 40% more than in 1992.
- O Since 1992, there has been more than a 40% increase in the number of cases for which paternal responsibility was established.

Description of The Two Initiatives

Today, the President is ^{using that new authority and DCA to take} announcing two initiatives that will ^{expedite and improve} strengthen the tools available for collection of delinquent child support debt, ~~or expedite and improve the implementation of the tools created in the new legislation described above.~~ These Federal initiatives should be especially useful in the 30 percent of child support cases where the person owing support lives in a different state than the custodial parent and children.

1. Offsetting Federal Payments to Collect Child Support Debt

- O Federal income tax refunds are already being offset to collect past due child support.
- O The Federal Government makes a wide variety of other payments that could also be offset to collect delinquent child support.
- O Many of these payments are not currently being offset at all for this purpose.
- O Although wages and salaries paid to Federal employees are now being garnished in some cases, there is no single centralized, automated system through which this can be done (the Uniformed Services do have a system of their own).
- O State child support agencies who wish to garnish wages of a Federal employee must figure out which of a plethora of Federal disbursement units to work with.
- O The President's Executive Order will create one centralized, automated system in the Treasury Department's Financial Management Service (and in a few satellite locations) that can offset or facilitate the offset of any federal payment -- including wages and salaries -- made to an individual to collect delinquent child support (except those payments specifically exempted by law). This includes:
 - Federal wages and salaries (including Uniformed Serv.)
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- 0 Implementation of this order will begin immediately.
- 2. Denial of Federal Loans to Child Support Debtors
 - 0 The President's Executive Order requires that all Federal agencies must deny loans to any child support debtor (unless a loan extension is required by law or specifically approved by the head of the agency). It would further require all agencies to review their authorities to ensure that such denials are legally permissible and to suggest proper statutory changes wherever necessary.
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o What loans?

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First, I am ordering federal agencies to take necessary and legal steps to deny government loans — such as small business loans, student loans, and home loans — to deadbeat parents.

to parents of students

Second, the government will do more to collect the support itself. We will create a streamlined computer system that can find out which people who receive federal payments still owe child support. We will deduct child support debts from the fees paid to government consultants and vendors and the benefits paid to retired federal employees. These funds can then be paid directly to the mother and the children.

among other payments

Wingvent

to custodial parents

delinquent

This executive order says: if you owe child support, you shouldn't get the support of the national government. You can't make money off the taxpayers if you are refusing to support your family. It says: we mean business. And we will make responsibility a way of life.

FBI NOTE: funds are paid to STATES who then pay to PARENTS.

RADIO ADDRESS INSERT

Today, I am issuing a new executive order designed to crack down even harder on those who refuse to pay their child support.

First, I am ordering federal agencies to take necessary and legal steps to deny government loans -- such as small business loans, student loans, and home loans -- to deadbeat parents.

Second, the government will do more to collect the support itself. We will create a streamlined computer system that can find out which people who receive federal payments still owe child support. We will deduct child support debts from the fees paid to government consultants and vendors and the benefits paid to retired federal employees. These funds can then be paid directly to the mother and the children.

This executive order says: if you owe child support, you shouldn't get the support of the national government. You can't make money off the taxpayers if you are refusing to support your family. It says: we mean business. And we will make responsibility a way of life.

Draft 9/26/96

PRESIDENT WILLIAM J. CLINTON
RADIO ADDRESS ON CHILD SUPPORT
FORT WORTH, TEXAS
September 28, 1996

Good morning. During my time as President, I have had a straightforward strategy. Opportunity for all ... responsibility from all ... coming together in community. That's America's basic bargain.

We have worked hard to offer every American opportunity, the chance to make the most of his or her own life. Just this week, we received news that our strategy is working: According to the U.S. Census, the income of a typical family went up \$1600 beyond inflation over the last two years. The number of people in poverty -- and the rate of income inequality -- dropped faster than at any time since 1968. Our economy is on the right track.

But as we offer opportunity, we must also demand responsibility. I believe that the problems of our society will only be solved if there is an upsurge of personal responsibility -- if individuals take it upon themselves to meet their obligations, do the right thing, and give something back to those around them. No area cries out for greater personal responsibility than the quiet crisis of child support. And today I want to tell you about a new executive action I am taking to crack down on deadbeat parents who won't pay the child support they owe.

No child enters this world with just one parent. No one should be able to escape responsibility for bringing a child into the world. It is our first and most fundamental responsibility.

But today, too many fathers have tried to walk away from that obligation. When a father leaves home, it can throw a mother and children into poverty. One of the main reasons people go on welfare is because the father has failed to meet his obligations of child support. In fact, if all the parents paid the child support they should, we could move 800,000 women and children off the welfare rolls tomorrow.

So my administration has waged an unprecedented and sustained campaign to collect child support and make deadbeat parents pay up.

We required states to set up programs at hospitals to find out the identity of fathers at the time a baby is born. 200,000 fathers have been identified through this program. And we are requiring mothers who receive welfare to tell us the name of the father of their child.

We set up a national database of delinquent parents, and linked up the databases

from 17 states. I am pleased to report that in the first few months of this system, it identified over 60,000 delinquent fathers. Over half of them owed money to mothers on welfare.

And the landmark welfare reform legislation I signed last month institutes the most dramatic crackdown yet on child support enforcement. It tells deadbeat parents: pay up, or we will track you down, garnish your wages, and make you pay what you owe. Under the new welfare law, states will suspend drivers' licenses of deadbeats who don't pay, and the national government will take away their passport.

This year, the IRS will collect \$1 billion in child support by withholding part of tax refunds.

The U.S. Postal Service has begun to work with states to post wanted lists of parents who owe support.

The Justice Department has proposed legislation to make it a felony to owe more than \$5000 in child support across state lines.

And we have linked up the web pages of 20 states, which post the identities of deadbeat parents on the Internet.

We now have new evidence of how effective this crackdown has been. In four years, child support collections in this country have risen from \$8 billion to \$11.8 billion - a nearly 50% increase in child support collections. And nearly 800,000 paternities were identified - an increase of 50% over 1992.

We have made a real difference. But we can do more - and we must do more.

Last year, I issued an executive order requiring all employees of the federal government to pay the child support they owed.

Today, I am issuing a new executive order designed to crack down even harder on those who refuse to pay their child support.

First, I am ordering federal agencies to take necessary and legal steps to deny government loans to any deadbeat parent. That means small business loans, home loans, student loans. ~~The Treasury shouldn't lend to parents if they're skitching their children.~~

Second, we will deduct child support from the fees paid to government consultants and vendors, and payments such as retirement benefits for federal workers, just as we do today for current federal employees tax refunds.

This executive order says: if you owe child support, you shouldn't get the support of the national government. You can't make money off the taxpayers if you are refusing to support your family. It says: we mean business. And we will make

circulate further
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CS money to a lil in the state
20
1 a record
2 yrs

SEE INSERT

~~The Treasury Dept will~~

responsibility a way of life... way of life.

We know that when we take responsibility, we can meet difficult challenges like crime, welfare, poverty. We are already making real and dramatic progress on child support collections. I am confident we can make even more progress. Ultimately, we will only meet this challenge if we recognize that governments don't raise children, parents do. We need everyone to take responsibility, to give our children love and support, to show them by our own actions the meaning of right and wrong. If we do this, then then I have nothing but confidence in our country and our children. Thank you for listening.

9/26/96

NOTE TO BRUCE REED AND MICHAEL WALDMAN -

As discussed, here is the child support information for the President's radio address. The main news is obviously the executive order and the Justice Department legislation. I've also attached some good information from our Office of Child Support Enforcement. Their write-up is a little confusing, so here are the salient facts:

- In FY 1996, the federal-state partnership collected \$11.8 billion from non-custodial parents, an increase of \$4 billion, or nearly 50 percent, since 1992. In addition, 800,000 paternities were established, an increase of over 50 percent since 1992. These numbers have never been released, and will be news.
- According to preliminary estimates, the IRS will collect a record \$1 billion in delinquent child support by intercepting income tax refunds of non-paying parents for tax year 1995. You should check with Treasury on this.
- Since June 1996, over 60,000 non-paying parents have been located under the President's new hire program, based on data from 17 states. Of these delinquent parents, 35,000 owed support to mothers on welfare.

Please let me know if you have questions or need additional information. I'll send the draft fact sheet later. Also - I'll still trying to get good child care numbers for you.

Thanks -
Melissa

The Administration's Child Support Enforcement Program A Head Start Produces Positive Results

The Department of Health and Human Services (HHS) has a head start in implementing the tough child support provisions of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) signed by President on August 22. The Department's consistent collaboration with state partners has created the foundation that will ensure that the child support provisions are implemented smoothly and effectively. These efforts have assisted millions of families in their quest to achieve self-sufficiency, as millions of non-custodial parents are forced to understand that they must fulfill their financial responsibilities to their children.

President Clinton's child support enforcement initiatives have produced positive results. Since President Clinton took office, child support collections have increased nearly 50 percent, totaling \$11.8 billion in FY 1996. There is also an increase of over 50 percent in paternity establishment, with an estimated 800,000 paternities established in FY 1996, in part due to the voluntary in-hospital paternity establishments under the requirements of Administration proposals enacted under the Omnibus Budget Reconciliation Act of 1993. Given current projections, for the first time, \$1 billion dollars will be collected by the IRS for delinquent child support for tax year 1995. The new child support provisions of the PRWORA will offer even greater advancements over the next 10 years -- measures that could increase collections by \$24 billion and reduce federal welfare costs by \$4 billion. The Administration insisted that the Act include a license revocation requirement for non-payment of child support. A majority of states have such a provision. President Clinton has ensured that all states will use this powerful tool, which has generated millions of dollars in child support payments. Automated systems are crucial to child support collections. More than 40 jurisdictions have statewide automated child support systems that are currently being used in daily child support operations. The new welfare law also provides support for states to move to the next level of automation.

Strengthened child support enforcement provisions were an important component President Clinton's proposed Work and Responsibility Act of 1994. Subsequently, in February 1995, President Clinton issued an Executive Order which declared that Federal agencies, including the Armed Services, would be model employers for the private sector to emulate when it came to child support enforcement. This order required Federal agencies to process child support wage withholding orders, and laid the foundation for related statutory changes in PRWORA.

In June, 1996, President Clinton provided another child support enforcement tool by launching a pilot for a national new hire reporting program at a time when no interstate programs existed under law. Since June, matches have been made with data from 17 states. Over 60,000 cases have been matched and sent to States for action --nearly 35,000 of these matches were AFDC cases. HHS is encouraged by these results, and intends to replicate this initial success into the national program required by the new welfare statute.

President Clinton announced additional child support enforcement initiatives in July. He described how the US Postal Service will work with states to display "Wanted Lists" of parents who owe support in post offices. The HHS Office of Child Support Enforcement (OCSE) worked with the Postal Service to develop the necessary guidelines which were distributed to the nation's 30,000 Post Offices. OCSE also established the federal Child Support Internet site to improve electronic links to the 20 states currently operating home pages, and providing enhanced public access to the child support enforcement system.

The child support enforcement system has benefitted from the partnership between OSCE and the states. OSCE will continue to partner with the states so that the newest child support enforcement provisions are met in a timely and effective fashion. OSCE will persist in its dialogue with stakeholders who are active in promoting the quality of life of the nation's families. For example, OSCE has begun to reach out to foundations to establish a dialogue on child support issues. OCSE is also encouraging state child support agencies to develop links with state and local domestic violence programs.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001

LRM NO: 5709

FILE NO: 2897

9/27/96

LEGISLATIVE REFERRAL MEMORANDUM

Total Page(s): 4

TO: Legislative Liaison Officer - See Distribution below:

FROM: Janet FORSGREN *Janet Forsgren* (cc) Assistant Director for Legislative Reference

OMB CONTACT: Melinda HASKINS 395-3923 Legislative Assistant's Line; 395-3923
C=US, A=TELEMAIL, P=GOV+EOP, O=OMB, OU1=LRD, S=HASKINS, G=MELINDA, I=D
haskins_m@a1.eop.gov

OK

SUBJECT: JUSTICE Proposed Report on Draft Bill Amendment to Child Support Recovery Act

URGENT

DEADLINE: 1:PM Friday, September 27, 1996

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President.

Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

COMMENTS: This is the proposed transmittal letter for the Department of Justice draft bill that would make an egregious failure to pay child support to a child in another state a felony. The Department plans to transmit its draft bill this afternoon. If we do not hear from you by 1 p.m., we will assume that you have no comment.

DISTRIBUTION LIST:

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- O'Connor_J*

RESPONSE TO
LEGISLATIVE REFERRAL
MEMORANDUM

LRM NO: 5709

FILE NO: 2897

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet.

If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:

- (1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or
- (2) sending us a memo or letter

Please include the LRM number shown above, and the subject shown below.

TO: Melinda HASKINS 395-3923
 Office of Management and Budget
 Fax Number: 395-6148
 Branch-Wide Line (to reach legislative assistant): 395-3923

FROM: _____ (Date)
 _____ (Name)
 _____ (Agency)
 _____ (Telephone)

SUBJECT: JUSTICE Proposed Report on Draft Bill: Amendment to Child Support Recovery Act

The following is the response of our agency to your request for views on the above-captioned subject:

- _____ Concur [
- _____ No Objection
- _____ No Comment
- _____ See proposed edits on pages _____
- _____ Other: _____
- _____ FAX RETURN of _____ pages, attached to this response sheet



U.S. Department of Justice

Office of Legislative Affairs

Office of the Assistant Attorney General

Washington, D.C. 20530

The Honorable Newt Gingrich
Speaker
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

Enclosed is a legislative proposal, the "Child Support Recovery Amendments Act of 1996," to establish felony violations for the failure to pay legal child support obligations. A section-by-section analysis is also enclosed. We have forwarded an identical proposal to the President of the Senate.

This proposal results from the President's directive to the Attorney General of July 21, 1996. In that directive, the President said that, "[w]hile State and local agencies have and must have primary responsibility for child support enforcement, the Federal Government has a crucially important role to play," and asked that the Attorney General take several specific steps to strengthen child support enforcement efforts. One of these steps was "to draft legislation to amend the Child Support Recovery Act to establish a felony offense for a person who willfully fails to pay child support for a child in another State where there has been an egregious failure to meet child support obligations."

Current law makes it a federal offense willfully to fail to pay a child support obligation with respect to a child who lives in another State if the obligation has remained unpaid for longer than a year or is greater than \$5,000. A first offense is subject to a maximum of six months of imprisonment, and a second or subsequent offense to a maximum of two years.

The draft bill addresses the law enforcement and prosecutorial concern that the current statute does not adequately address more serious instances of nonpayment of support obligations. A maximum term of imprisonment of just six months does not meet the sentencing goals of punishment and deterrence. Egregious offenses, such as those involving parents who move from State-to-State to evade child support payments, require more severe penalties.

The draft bill creates two new categories of felony offenses, subject to a two-year maximum prison term. These are:

(1) traveling in interstate or foreign commerce with the intent to evade a support obligation if the obligation has remained unpaid for a period longer than one year or is greater than \$5,000; and (2) willfully failing to pay a support obligation regarding a child residing in another State if the obligation has remained unpaid for a period longer than two years or is greater than \$10,000. These offenses indicate a level of culpability greater than that reflected by the current six-month maximum prison term for a first offense. A maximum two-year prison term is appropriate for these offenses.

In preparing this proposal, we considered the statute's application to child support orders issued by Indian tribal courts and related issues. While the legislation, as drafted, does not specifically address this matter, we intend to consult closely with Indian tribes and other tribal organizations during congressional deliberations on this proposal with a view toward the development of appropriate amendments.

The Office of Management and Budget has advised that there is no objection from the standpoint of the Administration's program to the presentation of this proposal and that its enactment would be in accord with the program of the President. Please let us know if we may be of additional assistance in connection with this or any other matter.

Sincerely,

Andrew Foia
Assistant Attorney General

Enclosures



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

FAX TRANSMITTAL SHEET

DATE: 9/27/96

NUMBER OF SHEETS TO FOLLOW: 3

TO: Bruce Reek

ADDRESSEE'S FAX #: 408-5557

ADDRESSEE'S CONFIRMATION #: _____

FROM: Ben Kuy

SENDER'S FAX #: 202-622-0073

SENDER'S CONFIRMATION #: 202-622-2735

SPECIAL INSTRUCTIONS/COMMENTS:

NOV
FAC 456-5557

9/27/96
8:00

(2)

Administrative Offset of Federal Payments to Collect Delinquent Child Support

- The Debt Collection Improvement Act of 1996 (P.L. 104-134) ("DCIA") authorizes the Secretary of the Treasury to collect debts enforced by States, including past-due child support, through administrative offset.
- 31 U.S.C. § 3701(b)(2), as amended by the DCIA defines "debt" for purposes of administrative offset (and not for any other purpose under the DCIA¹) as an "amount of funds or property owed by a person to a State, including any past-due support being enforced by the State." Past-due child support orders are enforced by States and therefore fit the DCIA definition of "debts owed by a person to States" for purposes of the administrative offset of federal payments to collect State debts as authorized under the DCIA.
- 31 U.S.C. § 3716(h), as added by the DCIA authorizes the Secretary of the Treasury to enter into reciprocal agreements with States for the purpose of offsetting Federal payments to collect "any past-due, legally enforceable debt owed to a State", subject to certain conditions outlined in the DCIA.

Denial of Federal Financial Assistance to Delinquent Child Support Obligor

- The DCIA does not specifically authorize agencies to deny Federal financial assistance to delinquent child support obligors. The DCIA does have a provision that requires Federal agencies to deny a Federal loan to a person who has an outstanding non-tax delinquent debt due to the Federal Government. This provision does not apply to past-due child support debt, the collection of which is enforced by States.² 31 U.S.C. § 3720B as added by the DCIA.
- OMB Circular No. A-128 dated January 11, 1993 ("Circular")³ sets forth policies for

31 U.S.C. § 3701(b)(5) contains the definition of "debt" for all Federal collection purposes.

² FMS Office of Chief Counsel is researching whether the Federal component of AFDC payments due from child support obligors could be considered a Federal debt under the DCIA for collection purposes.

³ The Circular states that it is issued under the authority of the Budget and Accounting Act of 1921, as amended; the Budget and Accounting Act of 1950, as amended; the Debt Collection Act of 1982, as amended; Section 2653 of Public Law 98-369; the Federal Credit Reform Act of 1990; the Chief Financial Officers Act of 1990; Executive Order 8248; the Cash Management Improvement Act Amendments of 1992; and pre-existing common law authority to

Federal credit programs. Among other things, OMB set standards for extending Federal credit.

- ▶ The Circular's policies apply to all credit programs of the Federal Government, unless the policies and standards in the Circular are "statutorily prohibited or inconsistent with statutory requirements." Agencies are required to periodically review relevant laws to justify continuance of any non-conformance with the Circular's standards. See General Information of the Circular, paragraphs 1 and 3.
- ▶ Among other things, the Circular requires that agencies ensure that "[e]very effort is made to prevent future delinquencies by following appropriate screening standards and procedures for determination of credit worthiness." See Appendix A of the Circular, Section I. 4. a. (3), page 5.
- ▶ Agencies are required to incorporate these standards into their regulations and procedures for credit programs. See Appendix A of the Circular, Section I. 4. b. (2), page 6.
- ▶ When screening applicants for Federal assistance, in addition to determining whether an applicant is delinquent on a Federal debt, agencies shall determine that applicants have the "ability to repay the loan, as well as a satisfactory history of repaying debt." (emphasis added) This policy applies where credit worthiness is a criterion for loan approval. See Appendix A of the Circular, Section III. A. 1. c., page 14.

- The proposed Executive Order requires agencies to deny Federal credit to delinquent child support obligors to the extent permitted by law. Basically, the proposed order sets forth a policy that delinquent child support obligor does not have a "satisfactory history of repaying debt" and is not "credit-worthy." Agencies are required to review their laws to determine the extent to which statutory changes are required to implement this policy for all credit programs.

Denial of Federal Licenses, Permits and other Privileges to Delinquent Child Support Obligor

- The DCIA does not specifically authorize agencies to deny Federal licenses, permits or other privileges to delinquent child support obligors.
- *various versions of* The proposed Executive Order requires agencies to deny, suspend, revoke or terminate Federal licenses, permits and other privileges to delinquent child support obligors to the

charge interest on debts and to offset debts administratively. FMS Office of Chief Counsel has not independently reviewed OMB's stated authority to issue Circular No. A-129.

extent permitted by law. Agencies ^{were} required to review their laws to determine the extent to which statutory changes are required to implement this policy, although their current laws may allow the fact that an individual owes delinquent child support to be considered.

- Federal laws may allow agencies to consider factors such as "character, habits of life" when deciding whether to grant licenses, permits, etc. See, for example, 46 U.S.C. § 7101 regarding the issuance of merchant seamen licenses.
- The Welfare Reform legislation contains provisions that:
 - ▶ Requires States to implement laws giving States the authority to withhold or suspend, or to restrict the use of driver's licenses, professional and occupational licenses, and recreational licenses of individuals owing overdue support. Section 369 [cite forthcoming]
 - ▶ Requires the Secretary of State to revoke, restrict, or deny a passport to individuals owing more than \$5,000 in past due child support. Section 370 [cite forthcoming]

draft, 9/17/1996

NEW PROGRAM FINDS 60,000 DELINQUENT PARENTS

On June 18, 1996 President Clinton announced that he was taking executive action to create a new federal program to track delinquent parents across state lines. Already the new program has found 60,000 delinquent parents in interstate child support cases. These parents' wages will be garnished for payment of child support. Under this new program parents will no longer be able to escape their obligations simply by fleeing across state lines.

The New Federal Program to Track Delinquent Parents Across State Lines On June 18, 1996 President Clinton took executive action to create a new federal program that would track delinquent parents across state lines. Under the new program, states with new hire reporting programs were asked to send their new hire information to the Department of Health and Human Services (HHS). The state information is matched by computer against lists of delinquent parents sent to HHS from the states.

Preliminary Results Already data from seventeen states has been run and HHS has found 60,000 delinquent parents. Of these, 35,000 were parents who owed support in AFDC cases. This information will be sent back to the states so that they can issue a wage garnishment order and send it to the delinquent parent's employer.

Under Welfare Reform the Program Will Be Even More Effective The welfare bill which the President signed includes an even more comprehensive national computer tracking system for locating parents across state lines. When fully implemented, this system will have the capacity to match data every two days, and all states will be required to submit data on new hires and child support cases for computer matching. That system, along with state requirements for new-hire reporting, is projected to increase collections by \$6.4 billion dollars and save the federal government \$1.1 billion dollars over 10 years.

How the State New Hire Programs Work In the past six years, 25 states have adopted new-hire reporting programs that require or encourage employers to report new hires to a state agency. That information is then cross-matched by computer against lists of delinquent child support obligors or individuals otherwise sought by the child support agency. When a match is found, the wages of that obligor can then be garnished or other appropriate action, such as a paternity proceeding, initiated. These programs have been called the single biggest innovation in child support enforcement in the past decade and have significantly increased collections in the states that have adopted them. While these programs can help to locate delinquent obligors within a state, they cannot find those child support obligors who live and work in another state. The program announced by the President on June 18, for the first time, tracks those parents who have crossed state lines.



Washington, D.C. 20530

DATE: 9/16/96

FACSIMILE TRANSMISSION SHEET

FROM: Ursula Werner OFFICE PHONE: 514-4173

TO: Mac Reed OFFICE PHONE: _____

NUMBER OF PAGES: 4 PLUS COVER SHEET

FAX NUMBER: 395-7294

REMARKS:

Mac - Here are our comments on the child support E.O. As you'll see, we've recommended that § 2(b)(2) be taken out altogether. If this isn't possible, we think language should be included to reflect [redacted] that the legal authority for such withholding of federal privileges etc. must be found in other agency regs. or [redacted] enabling statutes. This is a call the various agencies are in a better position to make than are we. Please call me at 514-4173 if you have any questions.

Thanks. Ursula

IF YOU HAVE ANY QUESTIONS REGARDING THIS FAX, PLEASE CONTACT KATHLEEN MURPHY OF KEVIN SMITH ON 514-2057

OFFICE OF LEGAL COUNSEL FAX NUMBER: (202) 514-0563
FTS NUMBER: (202) 368-0563

EXECUTIVE ORDER

SUPPORTING FAMILIES:
COLLECTING DELINQUENT CHILD SUPPORT OBLIGATIONS

Pub. L. 104-134

(1.c.) The Debt Collection Improvement Act of 1996 was enacted into law on April 26, 1996, as part of the Omnibus Consolidated Reorganizations and Appropriations Act of 1996. While the primary purpose of the Debt Collection Improvement Act is to increase the collection of non-tax 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.

(1.c.) The failure of some parents to pay 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, (1.c.) the Federal Government commits some of its resources to supporting our children and strengthening American families by collecting delinquent child support obligations from persons otherwise entitled or (1.c.) eligible to receive payments from the Federal Government and by denying Federal assistance to persons who are delinquent in their child support obligations.

(1.c.)
(1.c.)
This sentence overstates the legal authority here.

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

Section 1. Administrative Offsets

(the Secretary)

and to the extent otherwise permitted by law

Deliberate Debt Base 850m program

(a)(1) The Secretary of the Treasury, in accordance with the provisions of the Debt Collection Improvement Act of 1996, 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 deems appropriate to govern administrative offsets by the Department of the Treasury and each other Federal department and agency that disburses Federal payments.

rule in 30 days

(2) The Secretary of the Treasury 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 60 days of this Order, implement procedures necessary to report to the Secretary of the Treasury information on past due child support claims referred by States to the Department of Health and Human Services.

in law

(c) The head of each Federal department and agency that certifies payments to the Secretary of the Treasury 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 of the Treasury a request for such an exemption together with the reasons therefor. With respect to classes of payments existing on the date of this Order, such submissions shall be made within 30 days of the date of this Order. 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.

(1.c.)
(1.c.)
(1.c.)

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

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

(1) match the payment certification records of such department or agency with records of persons delinquent in child support payments as directed by the Secretary of the Treasury; and

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

(f) The Secretary of the Treasury 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 is delinquent in child support obligations that would assist in the collection of such debt, whether or not an administrative offset is conducted.

Section 2. Denial of Federal Assistance.

(a) The Secretary of the Treasury shall, to the extent permitted by law, ensure that information concerning persons subject to administrative offset on account of delinquent child support obligations is made available to the head of each department and agency.

(b) The head of each department and agency shall, with respect to any person who is subject to administrative offset on account of a delinquent child support obligation, promptly:

(1) implement procedures to deny direct or indirect Federal financial assistance to such person; and

(2) implement procedures to deny, suspend, terminate, or revoke any Federal privilege granted to, requested by, or for the direct or indirect benefit of any such person.

(c) The Attorney General shall promptly issue guidelines for departments and agencies concerning minimum due process standards to be included in the procedures required by subsection (b).

(d) For purposes of this section:

(1) Federal financial assistance means any Federal loan (other than a disaster loan), loan guarantee or loan insurance.

(2) Federal privilege means a Federal grant, license, permit, contract or other privilege.

Authority
Fed Claims
Collecting Act

10-201-000-1110
ENERGY COUNCIL

(e)(1) The denial, suspension, termination or revocation of any class of Federal financial assistance or privilege shall not apply if the head of the concerned department or agency determines:

(A) in consultation with the Attorney General, that such action:

(i) is prohibited 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 department and agency shall provide written notification to the Secretary of the Treasury upon determining that the denial, suspension, termination, or revocation of a class of Federal financial assistance or privilege is prohibited by law or should be waived.

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

(1) identify all laws under the jurisdiction of the department or agency that prohibit the denial, suspension, termination, or revocation of a class of Federal financial assistance or privilege and, where appropriate, transmit to the Director of the Office of Management and Budget recommendations for statutory changes; and

(2) review all rules, regulations, and procedures implementing laws under the jurisdiction of the department or agency governing the provision of any Federal financial assistance or privilege 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 of the Treasury pursuant to section 1.

Section 3. Reports

(a) The head of each Federal department and agency shall provide to the Secretary of the Treasury such information as the Secretary may request concerning the implementation by such department or agency 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.

(b) The Secretary of the Treasury 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.

Section 4. Judicial Review

^(1-c)
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.



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE GENERAL COUNSEL

September 16, 1996

Telefax Transmittal Sheet

TO: Mac Reed, OMB
FAX NO: 395-7294
FROM: Paul Riddle, Division of Legislative Counsel
Phone: (202) 401-6269 Fax: (202) 401-5391

Paul Riddle

TIME: 2:27 pm

PAGES (including this sheet): 6

COMMENTS: Department of Education comments on draft Executive Order: Supporting Families - Collecting Delinquent Child Support Obligations

Department of Education comments on draft Executive Order:
Supporting Families - Collecting Delinquent Child Support
Obligations

1. It's hard to understand the connection between the draft Executive Order and the Debt Collection Improvement Act of 1996, cited as authority for the draft Order. The focus of that Act was the improved collection of debts owed to the Federal Government, not debts owed to families or even to States, and we don't see any mention in that statute of child-support obligations or the Federal Government's role in enforcing them. Is the idea that child-support obligations are debts owed to States and that the Federal Government should be helping States enforce them? If so, it isn't explained anywhere. We recommend that the connection between the statute and the Order be more fully described, with citations to specific statutory provisions. (This would be particularly useful since most of the Act consists of amendments to other statutes, such as various sections of Title 31, U.S. Code, rather than free-standing provisions.)
2. The draft Order doesn't cite Title III (Child Support) of P.L. 104-193, the recently enacted Personal Responsibility and Work Opportunity Reconciliation Act of 1996, which devotes several pages to changing Federal laws relating to child support and enforcement of child-support obligations. Are none of those provisions relevant? Does the draft Order have any effect on EO 12953, Actions Required of all Executive Agencies to Facilitate Payment of Child Support, which is also not mentioned?
3. Section 1(a)(2) refers to "reciprocal agreements" with States. In what sense are these agreements to be "reciprocal"? What is it that the States are going to do for the Federal Government? Are there individuals who have child-support obligations to the Federal Government that States will be enforcing on our behalf through offsets?
4. Some of the key terms used in section 2 are not defined and are likely to be troublesome unless defined in binding regulations. What is "indirect" Federal financial assistance? What is an "indirect" benefit? What is an "other privilege" that isn't a grant, license, permit, or contract? Why does the term "Federal financial assistance" include a loan but not a grant or other form of cash payment?
5. Editorial comments are noted on the attached draft.

EXECUTIVE ORDER

Section 31001

SUPPORTING FAMILIES:
COLLECTING DELINQUENT CHILD SUPPORT OBLIGATIONS

Public Law 104-134,
The Debt Collection Improvement Act of 1996 was enacted into law on April 26, 1996, as part of the Omnibus Consolidated Resissions and Appropriations Act of 1996. While the primary purpose of the Debt Collection Improvement Act is to increase the collection of non-tax debts owed to the Federal Government, the Act also contains important provisions that can be used to make families in collecting past due child support obligations.

The failure of some parents to pay 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, the Federal Government commits some of its resources to supporting our children and strengthening America's families by collecting delinquent child support obligations from persons otherwise entitled or eligible to receive payments from the Federal Government and by denying Federal assistance to persons who are delinquent in their child support obligations.

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

Section 1. Administrative Officers

(a)(1) The Secretary of the Treasury, in accordance with the provisions of the Debt Collection Improvement Act of 1996, shall promptly develop and implement procedures necessary for the Secretary to collect past due child support debts by administrative effort, and shall issue such rules, regulations and procedures as the Secretary deems appropriate to govern administrative officers by the Department of the Treasury and each other Federal department and agency that disburses Federal payments.

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

(b) The Secretary of Health and Human Services shall, within 60 days of this Order, implement procedures necessary to report to the Secretary of the Treasury information on past due child support claims referred by States to the Department of Health and Human Services.

(c) The head of each Federal department and agency that certifies payments to the Secretary of the Treasury 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 other such. If any class is so identified, submit to the Secretary of the Treasury a request for such an exemption together with the reasons therefor. With respect to classes of payments existing on the date of this Order, such submissions shall be made within 30 days of the date of this Order. 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.

which are, specifically?

State than; might not self-orient

provide (or "make available to")

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

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

(1) match the payment certification records of such department or agency with records of persons delinquent in child support payments as directed by the Secretary of the Treasury; and

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

(f) The Secretary of the Treasury 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 is delinquent in child support obligations that would assist in the collection of such debt, whether or not an administrative office is conducted → *add verb with "offset"; how about "taken", "made", or "imposed"?*

Section 2. Denial of Federal Assistance

(a) The Secretary of the Treasury shall, to the extent permitted by law, ensure that information concerning persons subject to administrative offset on account of delinquent child support obligations is made available to the head of each department and agency.

(b) The head of each department and agency shall, with respect to any person who is subject to administrative offset on account of a delinquent child support obligation, promptly:

(1) implement procedures to deny direct or indirect Federal financial assistance to such person; and

(2) implement procedures to deny, suspend, terminate, or revoke any Federal privilege granted to, requested by, or for the direct or indirect benefit of any such person.

(c) The Attorney General shall promptly issue guidelines for departments and agencies concerning minimum due process standards to be included in the procedures required by subsection (b).

(d) For purposes of this section:

(1) ["]Federal financial assistance means any Federal loan (other than a disaster loan), loan guarantee or loan insurance.

(2) ["]Federal privilege means a Federal grant, license, permit, contract or other privilege.

(e)(1) The denial, suspension, termination, or revocation of any class of Federal financial assistance or privilege shall not apply if the head of the concerned department or agency determines:

(A) in consultation with the Attorney General, that such action:

(i) is prohibited 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 department and agency shall provide written ^{notice} notification to the Secretary of the Treasury upon determining that the denial, suspension, termination, or revocation of a class of Federal financial assistance or privilege is prohibited by law or should be waived.

(3) The head of each department and agency shall:

(1) identify all laws under the jurisdiction of the department or agency that prohibit the denial, suspension, termination, or revocation of a class of Federal financial assistance or privilege and, where appropriate, transmit to the Director of the Office of Management and Budget recommendations for statutory changes; and

(2) review all rules, regulations, and procedures implementing laws under the jurisdiction of the department or agency governing the provision of any Federal financial assistance or privilege 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 of the Treasury pursuant to section 1.

under →
Section 3. Reports → to

(a) The head of each Federal department and agency shall provide to the Secretary of the Treasury such information as the Secretary may request concerning the implementation by such department or agency 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.

under →
(b) The Secretary of the Treasury 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.



Facsimile Transmission

Office of the General Counsel (02)

Department of Veterans Affairs
810 Vermont Avenue, N.W.
Washington, D.C. 20420

PHONE: (202) 273-6660 FTS (202) 273-6660
FAX: (202) 273-6671 FTS (202) 273-6671

DATE: 9-16-96

Pages:
COVER + 9

TO: Mac Reed

FROM: Patricia Hogle

COMMENTS:

Bureau, | 9-18-96
attached are the
agency's comments on the
child support order.
Mac received and lets
talk about them.
Mac
(K53563)

This message is intended only for the use of the person or office to whom it is addressed and may contain information that is privileged, confidential or protected by law. All others are hereby notified that the receipt of this message does not waive any applicable privilege or exemption from disclosure and that any dissemination, distribution, or copying of this communication is prohibited. If you have received this communication in error, please notify us immediately by telephone at the above telephone number, and return the original message to us at the above address via the United States Postal Service. Thank you.



DEPARTMENT OF VETERANS AFFAIRS
Office of the General Counsel
Washington DC 20420

SEP 16 1996

Mr. Robert G. Damus
General Counsel
Office of Management and Budget
Washington, D.C. 20503

In Reply Refer To:

Dear Mr. Damus:

The Department of Veterans Affairs has serious concerns with respect to both the legal authority for, and scope of, the draft executive order on child-support enforcement as it would relate to VA matters.

It is unclear whether the order is intended to authorize actions beyond those authorized by the Debt Collection Improvement Act (DCIA). VA benefits are, by statute, not subject to offset to collect debts except in very narrowly limited circumstances (38 U.S.C. 5301). This preclusion was unaffected by the DCIA. To the extent the Executive Order goes beyond what is permitted under the DCIA, its affect on VA benefits would be uncertain and of questionable legal authority. Our concerns would be alleviated in this regard by a reference in the Order specifically exempting veterans benefits from its coverage.

With respect to tort claims, we have serious doubt that payment of the proceeds of a tort award to a third party pursuant to an administrative offset would extinguish the liability of the United States under the Federal Tort Claims Act.

Regarding section 2 of the draft order, we are unaware of any legal basis for denying any Federal financial assistance or privileges authorized by law on the grounds of delinquency of meeting child-support obligations. Moreover,

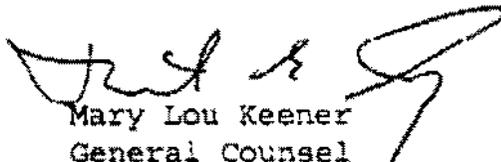
2.

Robert C. Damus

the draft order should precisely define its terms (e.g., "person", "direct or indirect benefit," "privilege"), to avoid conflicting interpretations by different agencies.

These concerns and others are elaborated upon in the enclosed white papers. We appreciate the opportunity to review this draft order.

Sincerely yours,



Mary Lou Keener
General Counsel

Enclosures

POTENTIAL IMPACT OF DRAFT EXECUTIVE ORDER
ON VA MONETARY BENEFITS

Administrative Offsets

Section 1 of the draft executive order would require the establishment and implementation of procedures for the collection of past due child support debts by administrative offset from Federal payments. The payment of VA monetary benefits such as compensation under 38 U.S.C. ch. 11 (a payment to a veteran because of service-connected disability), dependency and indemnity compensation (DIC) under 38 U.S.C. ch. 13 (a payment to a veteran's survivors because of the veteran's service-connected death), pension under 38 U.S.C. ch. 15 (a payment to a wartime veteran for nonservice-connected disability or to a wartime veteran's survivors because of the veteran's nonservice-connected death), and burial benefits under 38 U.S.C. ch. 23 (a payment to help defray the funeral and burial expenses of a deceased veteran) are Federal payments that would apparently be subject to such administrative offset.

However, under section 1(c) of the draft executive order, the head of each Federal department or agency that certifies payments to the Secretary of the Treasury or to another disbursing official could request that the Treasury Secretary exempt from offset any class of payments certified by that department or agency. Arguments could be made to exempt at least some of the VA monetary benefits mentioned above from administrative offset. For example, some VA benefits, such as DIC to parents and disability and death pension, are based on financial need. See 38 U.S.C. §§ 1315 (DIC rates payable to parents to be reduced by amount of annual income), 1521 (pension rates payable to veterans to be reduced by amount of annual income), 1541 and 1542 (pension rates payable to survivors to be reduced by amount of annual income). Any reduction in the amount of such benefits would exacerbate the beneficiary's distressed financial situation and reduce the beneficiary's ability to meet his or her financial obligations, including child support. Another argument to be made for exemption from offset is that VA already has a procedure to help insure that a portion of compensation or pension paid may be available to a veteran's dependent children. In this regard, 38 U.S.C. § 5307 permits the apportionment of compensation and pension in certain circumstances on behalf of a veteran's children.

The authority for the proposed collection of past due child support debts by administrative offset from Federal payments is unclear. Provisions of the Child Support Enforcement Act, 42 U.S.C. §§ 659-662, do permit garnishment of a veteran's disability compensation, up to the amount of military retired pay the veteran has waived in order to receive the disability compensation, to satisfy the veteran's legal obligation to pay child support or alimony. The "Personal Responsibility and Work Opportunity Reconciliation Act of 1996," Pub. L. No. 104-193, amended, effective February 22, 1997, those provisions, so that current language otherwise specifically exempting VA pension and compensation from garnishment is no longer present. The amendment's effect on garnishment of VA benefits is unclear at this time.

Denial of Federal Assistance

Section 2(b)(1) of the draft executive order would require each Federal department or agency to deny direct or indirect Federal financial assistance to any person subject to administrative offset on account of delinquent child support obligations. Section 2(d)(1) of the draft executive order would define, for this purpose, "Federal financial assistance" as "any Federal loan (other than a disaster loan), loan guarantee or loan insurance." None of the VA monetary benefits described above is a loan, loan guarantee, or loan insurance. Therefore, none of them would qualify as Federal financial assistance for purposes of denial of such assistance under section 2 of the draft executive order.

Section 2(b)(2) of the draft executive order would require each Federal department or agency to deny, suspend, terminate, or revoke any Federal privilege granted to, requested by, or for the direct or indirect benefit of any person subject to administrative offset on account of delinquent child support obligations. Section 2(d)(2) of the draft executive order would define, for this purpose, "Federal privilege" as "a Federal grant, license, permit, contract or other privilege." It appears that the monetary benefits described above would not qualify as a Federal privilege within the meaning of section 2(d)(2) of the draft executive order, unless they could be considered a form of Federal grant.

In addition, section 2(e)(1)(A)(i) of the draft executive order would permit the exemption of Federal financial assistance from denial or the exemption of a Federal privilege from denial, suspension, termination, or revocation if the head of the concerned department or

agency, in consultation with the Attorney General, determines that such action is prohibited by law. Such a determination with respect to the VA monetary benefits described above could be based on 38 U.S.C. § 5301(a), which exempts VA benefits from the claim of creditors and from liability to attachment, levy, or seizure by or under any legal or equitable process whatever, either before or after receipt by the beneficiary.

VA's accreditation of representatives, attorneys, and agents to represent claimants in their claims before VA could qualify as a Federal privilege for purposes of section 2. Under 38 U.S.C. ch. 59, the Secretary of Veterans Affairs may recognize representatives of organizations, individuals, and agents or attorneys for the preparation, presentation, and prosecution of claims before VA. If any such representative, individual, agent, or attorney were subject to administrative offset on account of delinquent child support obligations, VA would apparently be required to deny, suspend, terminate, or revoke his or her privilege to represent claimants before VA. Such action might adversely affect the claimant being represented by such person, even though the claimant is not delinquent in any child support obligation.

Further, if a claimant, rather than his or her representative, were subject to administrative offset on account of delinquent child support obligations, section 2 of the draft executive order might require the denial, suspension, termination, or revocation of the representative's privilege to represent at least that claimant before VA. This is because the accreditation privilege, although extended to the representative, might be considered "for the direct or indirect benefit of" the claimant.

With regard to the exemption provision of section 2(e), although the accreditation privilege might be considered for the direct or indirect benefit of a claimant, it does not appear to be a benefit within the meaning of section 5301(a), which refers to payments of benefits. Therefore, section 5301(a) would not appear to provide a basis for exemption under section 2(e)(1)(A)(i) of the draft executive order. However, section 2(e)(1)(C) of the draft order permits the head of the concerned department or agency to waive the denial, suspension, termination, or revocation of any class of Federal financial assistance or privilege. This provision could provide a basis to avoid hardship to representatives and claimants resulting from section 2(b).

VA LOAN, EDUCATION, AND VOCATIONAL REHABILITATION PROGRAMS; TORT CLAIMS

Statutory Authority in the Debt Collection Improvement Act of 1996 (DCIA)

- The DCIA contains an amendment to 31 U.S.C. 3716 to allow Treasury to offset from Federal payments any past-due, legally enforceable debt owed by a person to a State, including any past-due support being enforced by the State. However, this authority for administrative offset does not apply when prohibited by another statute. In the case of veterans' benefits, the prohibiting statute is 38 U.S.C. 5301.
- The DCIA also provides for denying Federal assistance (loan or loan insurance guarantees) to delinquent Federal (but not State) debtors.

VA Housing Programs

- As to VA guaranteed, direct, or vendee loans, a veteran must be a satisfactory credit risk. 38 U.S.C. § 3710. A veteran who is delinquent in making required child support can be presumed to have improper regard for obligations, and can be denied a VA loan on that basis. Thus, we have no objection to the concept of this Order as it relates to housing loans, subject to the following concerns:
 - The term "subject to administrative offset" is not defined (draft Order, § 2(b)). Does it include a person who is in arrears on child support but paying it off, either through regular payments of salary or other benefit offset? With regard to debts owed other Federal agencies, persons in satisfactory repayment plans are not denied VA loans. The same principle should apply to child support debts.
 - Can the veteran or other person challenge or explain why he or she is delinquent; e.g., support payments were not made during extended period of unemployment but the court would not reduce payment. If the person is now working and making regular payments, but still is in arrears, must we automatically deny a new loan or other benefit (even if the new loan would reduce housing payments and make paying arrearage on support more likely). Section 2(e)(C) of the draft Order allows a department head to waive application of the denial for a "class of Federal financial assistance or privilege." VA likely would not seek to waive application of the Order to a "class" of loan benefits, but would prefer having authority to waive as to specific individuals on a case-by-case basis.
- The proposed order would probably also require that VA not use fee attorneys, appraisers, inspectors, brokers, etc. who are delinquent on child support.
- If a sales broker (not a fee management broker) submitted the winning offer at

broker is on the "delinquent list" before paying the commission. As with tort claims (see below), there is a legal issue of whether VA's contractual obligation to pay a commission is satisfied when all or a portion thereof is offset to pay child support to a third party.

Specially Adapted Housing, Education, and Vocational Rehabilitation Benefits

- VA would object to restricting or barring monetary veterans benefits; *e.g.*, Specially Adapted Housing, Education, and Vocational Rehabilitation, otherwise payable to veterans who meet all title 38 requirements therefor but are delinquent in paying child support. VA benefits are entitlements and must be paid as provided by law. Further, Congress enacted statutes that expressly dictate the circumstances under which benefits are barred or forfeit. *See, e.g.*, 38 U.S.C. §§ 5303, 6101-6105. We do not believe additional causes for forfeiture can be imposed by executive order.
- Veterans benefits, with some exceptions not applicable here, are exempt from claims of creditors, from attachment, levy, or seizure. *See* 38 U.S.C. § 5301. We note, however, that the objectives of the draft Order may be met through application of existing authority granted the Secretary under 38 U.S.C. § 5307 to apportion certain veterans benefits on behalf of a veteran's dependents.

Tort Claims

- Regarding tort claims, it is not at all certain that payment of the proceeds of a tort settlement to a third party (the custodial spouse or the State to satisfy a child support obligation) without the consent of the claimant would extinguish the tort liability of the United States under the Federal Tort Claims Act. Assuming, however, that it would, we have the following comments:
 - On administrative tort claims settled by VA in an amount exceeding \$2,500, VA certifies the settlement to Treasury which disburses the payment. Presumably, Treasury would implement any administrative offset in such a case, as it does currently when there is a tax lien to be collected from the proceeds of a tort settlement.
 - With respect to administrative tort claim settlements of \$2,500 or less, VA makes these disbursements and could comply with the proposed Executive Order by making an administrative offset. The vast majority of these settlements, however, are of very small amounts for loss of clothing, eyeglasses, dentures, or other personal items of VA patients. We would recommend that the order include a de minimis rule so that where, for example, a one-time payment of less than \$1,000 is contemplated, there be no requirement for a computer match and administrative offset.

WHITE PAPER

Executive Order "Supporting Families: Collecting Delinquent Child Support Obligations."

The Executive Order governs administrative offsets when VA is disbursing Federal payments. The offsets would be against "a person delinquent in child support payments" as recorded by the Secretary of the Treasury. Further, VA, with regard to such "person" would be required to implement procedures to "deny, suspend, terminate, or revoke any Federal privilege granted to, requested by, or for the direct or indirect benefit of any such person." A Federal privilege is defined as "a Federal grant, license, permit, contract or other privilege."

"Person" is not a defined term within the Executive Order or the Debt Collection Improvement Act of 1996. If person is left undefined, it could lead to interpretive differences between administrative agencies, such that person includes such entities as partnerships, corporations, or other business associations with whom the Federal Government contracts. Such interpretations could be overly-broad and would not effectuate the purpose nor the intent of this Order or the Act to which it refers. We recommend that the Order be amended by adding the following: For purposes of this Order, person means individual.

"Direct or indirect benefit" is not defined with the Executive Order or the Debt Collection Improvement Act of 1996, nor is it a term of art within the meaning of the law. Since a "direct or indirect benefit" could be construed as any monetary benefit, including profit from the performance of a contract, the language is ambiguous and may lead to conflicting applications among administrative agencies. We recommend that the Order be amended by deleting the comma between the words "to" and "requested" and further amended by deleting the language "direct or indirect benefit" such that Section 2(b)(2) reads as follows: implement procedures to deny, suspend, terminate, or revoke any Federal privilege granted to or requested by such person.

"Other privilege" is not defined with the Executive Order or the Debt Collection Improvement Act of 1996, nor is it a term of art within the meaning of this Order or the Act to which the Order refers. Since the language "other privilege" is used to define the words "Federal privilege", the meaning is unclear and may give rise to conflicting applications among administrative agencies. We recommend that the Order be amended by inserting the word "or" between the comma following permit and before the word contract and further amended by

deleting the words "or other privilege" such that Section 2(d)(2) reads as follows: Federal privilege means a Federal grant, license, permit, or contract."

If the Order is issued as it currently exists, VA's ability to contract would be adversely affected, either at the initial award stage as outlined above, or, alternatively, following award, should a person entitled to receive payment become subject to the offset provisions. VA could elect to seek an exemption within 30 days of the date of the Order for the "class of payments" to whom offset would apply, i.e., those individuals or entities contracting with VA. Exemptions are contemplated under Section 1(c); VA would be required to document the reasons for such exemption and submit the same to the Secretary of the Treasury. If no exemption were granted, VA would be required to identify all laws that prohibit the denial, revocation, etc., of a privilege to OMB for statutory changes; such laws prohibiting offset could possibly be invoked by the provisions for Prompt Payment (which require timely payment by the Federal Government within certain specified time frames or impose interest penalties against the Federal Government; see Office of Management and Budget Circular A-125).

SEP-16-1996 17:41
U.S. DEPARTMENT OF THE INTERIOR
Office of the Secretary
Office of Planning and Performance Management
Washington, D.C. 20240

FAX TRANSMISSION

PHONE: 202/208-1818
FAX: 202/208-2619

Date: 9-16-96

To: Mac Reed

Telephone Number: 395-7863

Agency/Company: OMR

FAX Number: 395-7294

From: Janet Bishop

Telephone: 202-208-6193

Number of Pages (including cover): 3

Notes:



United States Department of the Interior

OFFICE OF THE SECRETARY

Washington, D.C. 20240

September 16, 1996

Mr. Mac Reed
Office of the General Counsel
Executive Office of the President
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Reed:

Thank you for the opportunity to review the proposed Executive order "Supporting Families: Collecting Delinquent Child Support Obligations." We fully support the goals of this order. Our only comments are as follows:

o Section 1, paragraph (b). We would like to expand the benefits of this order to the Indian community by inserting the phrase "or Indian Tribal Governments" in the last line so that it reads "The Secretary of Health and Human Services shall, within 60 days of this Order, implement procedures necessary to report to the Secretary of the Treasury information on past due child support claims referred by States or by Indian Tribal Governments to the Department of Health and Human Services."

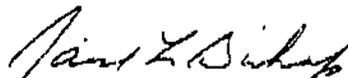
o Section 2(d)(2). We are concerned about the extreme difficulty of withholding such privileges as hiking permits and use of camp grounds where we may ask for a name but not verify that name by asking for identification or a social security number. Therefore, we suggest adding language that would exempt privileges for which personal identification is not normally requested or verified.

o We are also concerned about the difficulty of identifying individuals who may indirectly benefit from Federal privileges. For example, if a mineral lease or a land use permit is granted to a company or corporation, it could be extremely difficult to identify the individuals who would benefit. Even if the name of the company is the same as the name of the individual, it could be difficult to determine if they are the same people. For example, is John A. Doe, social security number xxx-xx-xxx, the same person as John A. Doe, Inc., with a business tax identification number of something else? You might want to consider wording which would limit the impact of the order to privileges granted to individuals.

o While we have not analyzed the administrative costs associated with denying privileges, many of which are granted from remote field offices, we are concerned that they could be substantial.

If you have any questions on these comments, please call me at 202-208-6193.

Sincerely,



Janet L. Bishop
Office of Planning and Performance
Management

9/26/96

NOTE TO BRUCE REED -

Here are our two fact sheets, both hard copies and on a disk. You should re-read them, the Treasury and Justice sections are still a little sketchy.

I think the news here is clearly Treasury's piece, but please call if you need more.

Melissa Skolfield

cc: Kathy McKiernan

THE CLINTON RECORD ON CHILD SUPPORT ENFORCEMENT

Today, President Clinton announced two steps to immediately increase child support collections. First, the President directed the Treasury Department to order Federal agencies to deny loans, licenses, contracts, most Federal payments, and other privileges to individuals who owe child support. Second, President Clinton announced that, at his direction, the Justice Department submitted legislation to Congress this week that would make it a felony offense to owe more than \$5,000 in delinquent child support or to cross state lines to avoid paying child support. These actions build on President Clinton's previous child support enforcement initiatives, which have already produced record child support collections: In fiscal year 1996, the federal-state partnership collected nearly \$11.8 billion from non-custodial parents, an increase of \$4 billion, or nearly 50 percent, since 1992.

Executive Action

Today, President Clinton also announced three steps to immediately increase child support collections: ordering Federal agencies to take necessary steps to deny loans, loan guarantees, or loan insurance (including FHA Housing loans, SBA small business loans, and student loans) to any individual who is delinquent on child support debt; ordering Federal agencies to take necessary steps to deny, suspend, terminate, or revoke federal licenses, permits, contracts, or privileges to individuals who owe child support; and ordering that a streamlined Federal system be activated within 120 days to offset child support debts against most Federal payments. These actions build on previous executive actions, including: implementing a new program that will help track non-paying parents across state lines; challenging all states to adopt statewide new hire reporting programs; and issuing new regulations requiring women who apply for welfare to comply with paternity establishment requirements before receiving benefits; and issuing an executive order to make the federal government a model employer in the area of child support enforcement.

Prosecuting Non-Payers

Billions of dollars more in support is owed to children whose parents have crossed state lines and failed to pay. The Justice Department is aggressively investigating and prosecuting cases where parents cross state lines to avoid payment under the Child Support Recovery Act. At President Clinton's direction, the Justice Department submitted legislation to Congress this week that would make it a felony offense to owe more than \$5,000 in delinquent child support or to cross state lines to avoid paying child support.

New Hire Program Success

On June 18, 1996 President Clinton announced a new national program to track parents who owe child support across state lines. Under the program, the 25 states with new hire programs in place can now send their new hire information to the Department of Health and Human Services (HHS). The state information is then matched by computer against lists of non-paying parents sent to HHS from all the states. This information is then sent back to the states so they can issue a wage garnishment order and send it to the delinquent parent's employer. Today, President Clinton announced that preliminary data from participating show that the program has already located over 60,000 delinquent parents. Of these, 35,000 were parents who owed support to mothers and children on welfare.

Seizing Tax Refunds

According to preliminary estimates, the Federal government will collect a record \$1 billion in delinquent child support by intercepting income tax refunds of non-paying parents for tax year 1995. In February 1996, HHS announced the collection of a record \$828 million in delinquent child support for 1994 by withholding income tax refunds of non-paying parents. Benefiting over one million families, the amount was nearly 18 percent more than collections from income tax refunds for 1993.

Improving Paternity Establishment

The Clinton Administration has made paternity establishment a top priority. In FY 1996, approximately 800,000 paternities were established, an increase of over 50 percent since 1992. In 1993, the Clinton Administration proposed, and Congress adopted, a requirement that states establish hospital-based paternity programs as a proactive way to establish paternities early in a child's life. These programs are just now being implemented, but data from thirty-one states indicates that more than 200,000 paternities were established through the program in 1995.

U.S. Postal Service Posts "Wanted Lists"

The U.S. Postal Service is working with states to display "Wanted Lists" of parents who owe child support in post offices. Each state that has such a list will be able to provide it to the Postal Service, and the list will be displayed in post offices within that state. The President has also challenged every state to create a "Wanted List" to expand efforts to track down parents who owe support and send the strongest possible message that evasion of child support responsibilities is a serious offense.

Action through the Internet

HHS's Office of Child Support Enforcement now has a home page on the Internet that provides information on the child support enforcement program, tell parents where they can apply for child support assistance, and links them to states that have their own home pages (currently 20).

Improvements Under the New Welfare Law

The new welfare law contains the tough child support enforcement measures President Clinton called for from the start. These five new measures are projected to increase child support collections by an additional \$24 billion and reduce federal welfare costs by \$4 billion over the next 10 years: the national new hire reporting system; streamlined paternity establishment and stricter cooperation requirements; uniform interstate child support laws; computerized state-wide collections to speed up payments; and tough new penalties, such as drivers' license revocation.

NEW CLINTON PROGRAM FINDS 60,000 DELINQUENT PARENTS

The New Federal Program to Track Delinquent Parents Across State Lines

On June 18, 1996 President Clinton announced a new national program to track parents who owe child support across state lines. Under the program, the 25 states with new hire programs in place can now send their new hire information to the Department of Health and Human Services (HHS). The state information is then matched by computer against lists of non-paying parents sent to HHS from all the states. Matches are then sent back to the states so they can issue a wage garnishment order and send it to the delinquent parent's employer. Today, President Clinton announced that preliminary data from participating states show that the program has already located over 60,000 delinquent parents. Of these, 35,000 were parents who owed support to mothers and children on welfare.

A More Sweeping Program Under Welfare Reform

The new welfare law includes an even more comprehensive national computer tracking system, based on the President's pilot new hire program. Under the new program, all 50 states will be required to submit data on new hires and child support cases for computer matching. When fully implemented, this system will have the capacity to match data every two days, dramatically reducing the time it takes to locate non-paying parents. The new system is projected to increase collections by \$6.4 billion dollars and save the federal government \$1.1 billion dollars over 10 years.

Catching Non-Paying Parents Where They Work

In the past six years, 25 states have adopted new-hire reporting programs that require or encourage employers to report new hires to a state agency. That information is then cross-matched by computer against lists of non-paying parents or individuals otherwise sought by the child support agency. When a match is found, the wages of that non-paying parent can then be garnished or other appropriate action, such as a paternity proceeding, initiated. These programs have been called the single biggest innovation in child support enforcement in the past decade, and have significantly increased collections in the states that have adopted them.

While these programs have helped to locate delinquent parents within a state, they could not find those non-paying parents who live and work in another state. The program announced by the President on June 18 took the first step towards interstate new hire tracking.

Improvements Under the New Welfare Law

The new welfare law contains the tough child support enforcement measures President Clinton called for from the start. These five new measures are projected to increase child support collections by an additional \$24 billion and reduce federal welfare costs by \$4 billion over the next 10 years: the national new hire reporting system; streamlined paternity establishment and stricter cooperation requirements; uniform interstate child support laws; computerized state-wide collections to speed up payments; and tough new penalties, such as drivers' license revocation. As the President has said, the new child support measures will send the strongest possible message to parents: "if you don't pay the child support you owe, we'll garnish your wages, take away your driver's license, track you across state lines, and, if necessary, make you work off what you owe."

9/26/96

NOTE TO BRUCE REED AND MICHAEL WALDMAN -

As discussed, here is the child support information for the President's radio address. The main news is obviously the executive order and the Justice Department legislation. I've also attached some good information from our Office of Child Support Enforcement. Their write-up is a little confusing, so here are the salient facts:

- In FY 1996, the federal-state partnership collected \$11.8 billion from non-custodial parents, an increase of \$4 billion, or nearly 50 percent, since 1992. In addition, 800,000 paternities were established, an increase of over 50 percent since 1992. These numbers have never been released, and will be news.
- According to preliminary estimates, the IRS will collect a record \$1 billion in delinquent child support by intercepting income tax refunds of non-paying parents for tax year 1995. You should check with Treasury on this.
- Since June 1996, over 60,000 non-paying parents have been located under the President's new hire program, based on data from 17 states. Of these delinquent parents, 35,000 owed support to mothers on welfare.

Please let me know if you have questions or need additional information. I'll send the draft fact sheet later. Also - I'll still trying to get good child care numbers for you.

Thanks -
Melissa

The Administration's Child Support Enforcement Program A Head Start Produces Positive Results

The Department of Health and Human Services (HHS) has a head start in implementing the tough child support provisions of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) signed by President on August 22. The Department's consistent collaboration with state partners has created the foundation that will ensure that the child support provisions are implemented smoothly and effectively. These efforts have assisted millions of families in their quest to achieve self-sufficiency, as millions of non-custodial parents are forced to understand that they must fulfill their financial responsibilities to their children.

President Clinton's child support enforcement initiatives have produced positive results. Since President Clinton took office, child support collections have increased nearly 50 percent, totaling \$11.8 billion in FY 1996. There is also an increase of over 50 percent in paternity establishment, with an estimated 800,000 paternities established in FY 1996, in part due to the voluntary in-hospital paternity establishments under the requirements of Administration proposals enacted under the Omnibus Budget Reconciliation Act of 1993. Given current projections, for the first time, \$1 billion dollars will be collected by the IRS for delinquent child support for tax year 1995. The new child support provisions of the PRWORA will offer even greater advancements over the next 10 years -- measures that could increase collections by \$24 billion and reduce federal welfare costs by \$4 billion. The Administration insisted that the Act include a license revocation requirement for non-payment of child support. A majority of states have such a provision. President Clinton has ensured that all states will use this powerful tool, which has generated millions of dollars in child support payments. Automated systems are crucial to child support collections. More than 40 jurisdictions have statewide automated child support systems that are currently being used in daily child support operations. The new welfare law also provides support for states to move to the next level of automation.

Strengthened child support enforcement provisions were an important component President Clinton's proposed Work and Responsibility Act of 1994. Subsequently, in February 1995, President Clinton issued an Executive Order which declared that Federal agencies, including the Armed Services, would be model employers for the private sector to emulate when it came to child support enforcement. This order required Federal agencies to process child support wage withholding orders, and laid the foundation for related statutory changes in PRWORA.

In June, 1996, President Clinton provided another child support enforcement tool by launching a pilot for a national new hire reporting program at a time when no interstate programs existed under law. Since June, matches have been made with data from 17 states. Over 60,000 cases have been matched and sent to States for action --nearly 35,000 of these matches were AFDC cases. HHS is encouraged by these results, and intends to replicate this initial success into the national program required by the new welfare statute.

President Clinton announced additional child support enforcement initiatives in July. He described how the US Postal Service will work with states to display "Wanted Lists" of parents who owe support in post offices. The HHS Office of Child Support Enforcement (OCSE) worked with the Postal Service to develop the necessary guidelines which were distributed to the nation's 30,000 Post Offices. OCSE also established the federal Child Support Internet site to improve electronic links to the 20 states currently operating home pages, and providing enhanced public access to the child support enforcement system.

The child support enforcement system has benefitted from the partnership between OSCE and the states. OSCE will continue to partner with the states so that the newest child support enforcement provisions are met in a timely and effective fashion. OSCE will persist in its dialogue with stakeholders who are active in promoting the quality of life of the nation's families. For example, OSCE has begun to reach out to foundations to establish a dialogue on child support issues. OCSE is also encouraging state child support agencies to develop links with state and local domestic violence programs.

CSE E.O. 9.24.96

Vicini
Treasury: HHS acts as agent for tax related offset. No author to collect CSE - only state debts.

Now Treas. can ~~monitor~~ sign agmts w/ states

Goal is only to get them into repayment plan

Treas. could take HHS's list of debts certified for offset - or ~~transfer~~ list work w/ states to develop another list

Dial-in access to a list of debtors - 800#, access code

FERS - retirees

Vendors or payments - ^{consultants,} personal services contract (w/ Medicare/Medicaid)

→ How many payments

? → [Retirees, consultants, vendors]

[ETC, Soc Sec already offset]

Pell grants?

[VA, SSI not likely. FS paid by states]

Treasury would only charge offset fee (eg 1%) on top of other debt.

CS debt is #1 in queue

FHA loan - can't go forward w/ applic. until enter repayment plan

PASSPORTS? → Can State Dept.

? → Pilots licenses, Firearms licenses, Passports

? → Student loans, ^{VA housing loans,} SBA loans, FHA loans - statutory authority?

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

September 13, 1996

SECRETARY OF THE TREASURY

MEMORANDUM FOR LEON PANETTA

FROM: Robert E. Rubin *R. E. R.*

SUBJECT: Child Support Enforcement Initiatives

To add to the already-strengthened child support enforcement provisions in the new Welfare Reform law, Treasury along with the DPC, OMB and HHS prepared three initiatives that will help states collect child support obligations using new authority created by the "Debt Collection Act of 1996." These payments are particularly important to dependent children of single parents whose only financial alternative is public assistance. The initiatives will also be useful in the 30 percent of child support cases where the person owing support lives in a different state than the custodial parent and children.

We are now ready to make these initiatives public and I propose that the President together with Secretary Shalala, Director Raines and I announce these initiatives in a White House-led event. After remarking on the importance of these measures, the President could sign the Executive Order which implements these initiatives.

1. Denial of Federal Loans to Child Support Debtors

- The President's Executive Order will direct all Federal agencies to deny government loans to any person who is delinquent on their child support obligations (unless such denial is prohibited by law or specifically waived by the head of the agency). It would further require all agencies to review their authorities to ensure that such denials are legally permissible and to suggest statutory changes wherever necessary.
- This provision also applies to federal loan guarantees and loan insurance.

2. Denial of Federal Licenses to Child Support Debtors

- The President's Executive Order will direct all Federal agencies to deny, suspend, terminate or revoke any Federal licenses that directly or indirectly benefit a person who is delinquent on their child support obligations (unless such denial is prohibited by law or specifically waived by the head of the agency). It would further require all agencies to review their authorities to ensure that such denials are legally permissible and to suggest statutory changes wherever necessary.
- This order also applies to Federal grants, permits and contracts. In addition, it applies to any privileges extended under the laws of the United States.

3. Offsetting Federal Payments to Collect Child Support Debt

- The President's Executive Order will direct Treasury Department's Financial Management Service to assist in the collection of delinquent child support obligations by off-setting most federal payments -- including wages and salaries -- made to individuals who are delinquent in meeting their child support obligations (except those specifically exempted by law). This federal payments include:
 - Federal wages and salaries(including Uniformed Serv.)
 - Federal retirement, disability and survivor benefits
 - Military retirement and survivor benefits
 - Worker's compensation
 - Payments to vendors
 - Consulting fees
 - Grants and loans to individuals

Background:

- Federal income tax refunds are already being offset to collect past due child support.
- The Federal Government makes a wide variety of other payments that could also be offset to collect delinquent child support.
- Many of these payments are not currently being off-set at all for this purpose.
- Although wages and salaries paid to Federal employees are now being garnished in some cases, there is no single centralized, automated system through which this can be done (the Uniformed Services do have such a system).
- State child support agencies who wish to garnish wages of a Federal employee must figure out which of a plethora of Federal disbursement units to work with.

cc: Laura Tyson
Bruce Reed
George Stephanopoulos
Rahm Emanuel
Gene Sperling
Don Baer
Todd Stern

Pls. Advise



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

Urgent.

FAX TRANSMITTAL SHEET

DATE: 8/27/96

NUMBER OF SHEETS TO FOLLOW: 12

TO: Bruce Reed

ADDRESSEE'S FAX #: 313-285-1306

ADDRESSEE'S CONFIRMATION #: _____

FROM: Ben Tye

SENDER'S FAX #: 202-622-0073

SENDER'S CONFIRMATION #: 202-622-2735

SPECIAL INSTRUCTIONS/COMMENTS:

*Attached is for your review and comments.
Also, do you need the Executive Order signed
by Thursday?*

Child Support Enforcement Initiatives Fact Sheet**Your Initiatives**

Today, President Clinton is announcing four steps that can be implemented immediately to increase child support collections:

- O Ordering Federal agencies to take necessary steps to deny loans, loan guarantees or loan insurance to any individual who is delinquent on child support debt.
- O Ordering Federal agencies to take necessary steps to deny, suspend, terminate, or revoke federal licenses, permits, contracts or privileges to individuals who owe child support.
- O Ordering that a streamlined Federal system be activated within 90 days to offset child support debts against most Federal payments.
- O Extending and expanding a project that uses the IRS and its enforcement tools to collect debts from individuals who are delinquent in their child support payments.

Much Greater Improvement Is Foreseen

Much greater improvement will take place in the future as a result of Executive Orders already issued by President Clinton and legislation already signed by him:

- O The President has already signed an Executive Order which will make Federal agencies -- including the Uniformed Services -- model employers with regard to promoting and facilitating the establishment and enforcement of child support including garnishing wages of their employees (see attachment 1).
- O The President signed welfare reform legislation last week which included extremely tough child support enforcement measures that he proposed more than two years ago (e.g. requiring states to revoke drivers and professional licenses of child support debtors (see attachment 1)).
 - The new child support enforcement mechanisms in the welfare reform legislation -- once they are fully implemented -- could increase child support collections by as much as \$24 billion over ten years and can be expected to remove 800,000 women and children from the welfare rolls.
- O The President previously signed Public Law 104-134 which included the Debt Collection Improvement Act of 1996. This Act permits the Secretary of the Treasury to negotiate agreements with States which will allow the Treasury's

Financial Management Service to offset most Federal payments to satisfy delinquent child support obligations.

Major Improvement has Already Occurred Under President Clinton

An enormous amount has already been accomplished to increase child support enforcement during President Clinton's first term:

- O In 1995, a record \$11 billion of child support was collected. This was \$3 billion or 40% more than in 1992.
- O Since 1992, there has been more than a 40% increase in the number of cases for which paternal responsibility was established.

Description of The Four Initiatives

Today, the President is announcing four initiatives that will immediately add to the tools available for collection of delinquent child support debt or expedite and improve the implementation of the tools created in the new legislation described above. These initiatives should be especially useful in the 30 percent of child support cases where the person owing support lives in a different state than the custodial parent and children.

1. Denial of Federal Loans to Child Support Debtors

- O The President's Executive Order requires that all Federal agencies must deny loans to any child support debtor (unless such extension is required by law or specifically approved by the head of the agency). It would further require all agencies to review their authorities to ensure that such denials are legally permissible and to suggest proper statutory changes wherever necessary.
- O This order also applies to loan guarantees and loan insurance.

2. Denial of Federal Licenses to Child Support Debtors

- O The President's Executive Order requires that all Federal agencies must deny Federal licenses to any child support debtor or to any entity controlled by a child support debtor (unless such extension is required by law or specifically approved by the head of the agency). It would further require all agencies to review their authorities to ensure that such denials are legally permissible and to suggest proper statutory changes wherever necessary.
- O This order also applies to Federal permits and contracts. In addition, it applies to any privileges extended under the laws of the United States.

3. Offsetting Federal Payments to Collect Child Support Debt

- O Federal income tax refunds are already being offset to collect past due child support.
- O The Federal Government makes a wide variety of other payments that could also be offset to collect delinquent child support.
- O Many of these payments are not currently being offset for this purpose.
- O Although wages and salaries paid to Federal employees are now being garnished in some cases, there is no single centralized, automated system through which this can be done (the Uniformed Services do have such a system).
- O State child support agencies who wish to garnish wages of a Federal employee must figure out which of a plethora of Federal disbursement units to work with.
- O The President's Executive Order being issued today will set up one centralized, automated system in the Treasury Department's Financial Management Service (and in a few satellite locations) that can offset any federal payment made to an individual (except those specifically exempted by law). This includes:
 - Federal wages and salaries(including Uniformed Serv.)
 - Federal retirement, disability and survivor benefits
 - Military retirement, disability and survivor benefits
 - Worker's compensation
 - Payments to vendors
 - Consulting fees
 - Grants and loans to individuals
- O This order will be operative within 60 days at Treasury and 90 days at satellite disbursing units in other agencies.

4. Initiate an Expanded IRS Pilot Project

- O Since 1975, there has been authority in title IV-D of the Social Security Act for referral to the IRS by state child support enforcement agencies -- acting through HHS's Office of Child Support Enforcement -- of child support arrearages greater than \$750. The IRS can then use its affective tax collection enforcement tools to collect the child support debt. A fee of \$122.50 is charged to the custodial parent or the state.

- O This authority was used only sparingly with requests averaging 30 cases per year.
- O In 1993, at the request of HHS, a pilot project was designed to take advantage of this IRS authority. IRS agreed to waive the \$122.50 processing fee and accepted 698 cases totaling almost \$15 million across 12 states.
- O This collection effort has achieved successes:
 - Almost \$1 million has been collected. Of the cases closed and fully paid, the average collection has been about \$10,000.
 - An additional \$500,000 could be collected under existing installment agreements.
 - State child support enforcement agencies are believed to have also collected additional amounts directly from debtors responding to IRS demand letters.
 - Approximately half of these 698 cases -- more than half of the total arrearage -- were determined to be completely non-collectible due to hardship, death, etc. In many of these cases, the determination of non-collectibility was made relatively quickly requiring little investment of resources.
- O The President is today initiating a second, expanded pilot project covering 1,000 new cases.
- O Learning from the previous pilot, the new pilot can be improved:
 - Better upfront screening -- using the State child support agencies -- should reduce the number of non-collectible cases.
 - Automated case submission -- from HHS to IRS -- could be done in a manner analogous to the offset of tax refunds for child support debt.
 - Within IRS, case handling could be designed to more closely approximate standard handling of tax debts in an effort to reduce the burden on IRS Revenue Agents.

BACKGROUND MATERIAL REGARDING EXECUTIVE ACTIONS

o On February 27, 1998, the President issued an Executive Order declaring that the Federal government should be a model employer in promoting and facilitating the establishment and enforcement of child support.

o The Federal government, through its civilian employees and Uniformed Services members, is the Nation's largest single employer.

o All Federal agencies were directed to cooperate fully in efforts to establish paternity and child support orders and to enforce the collection of child and medical support in all appropriate situations.

o As the President said, "Any parent who is avoiding his or her child support should listen carefully: We will find you. We will catch you. We will make you pay."

o The Office of Personnel Management and the Department of Defense, have subsequently taken a number of actions to make it easier to find Federal personnel who are not meeting their obligations to their children and to withhold child support from their wages.

o On June 18, 1996, President Clinton announced a three-part strategy to help promote parental responsibility and strengthen the child support system nationwide.

o The Department of Health and Human Services was directed to implement a pilot program using new-hire data collected by participating States to track down parents owing child support who have taken a job in another State. The President also challenged the 25 states without new hire reporting programs in place to implement such a program, to increase child support collections and help more children.

o The pilot program is now underway and will be a precursor to the national new hire reporting system contained in "The Personal Responsibility and Work Opportunity Reconciliation Act of 1996" that the President signed into law last week.

o The June Child Support Initiative also called upon HHS to issue regulations requiring mothers to cooperate with paternity establishment efforts. A Notice of Proposed Rulemaking appeared in the Federal Register a month later.

o As envisioned in this regulation and in the welfare reform legislation that the President signed on August 22, mothers will be required to cooperate with paternity establishment efforts before receiving public assistance, failure to cooperate except

where good cause exists may result in the loss of financial assistance, and "cooperation" will be more strictly defined so as to better identify and help locate the father.

o On July 22, President Clinton announced yet another set of initiatives to help strengthen child support enforcement at the federal and state levels.

o The U.S. Postal Service, as requested, has begun working with state support enforcement agencies to display "Wanted Lists" of parents who owe support in post offices of states that have such lists. And the President challenged all states to join the "Wanted List" effort.

o The Department of Health and Human Services' Office of Child Support Enforcement has created a home page on the Internet, providing information on the program, telling parents where they can apply for support enforcement services, and expanding efforts to help find parents who owe support.

o And the Attorney General has been directed to take a series of actions to strengthen criminal law enforcement against child support debtors.

COMMENTS ON THE PROPOSED EXECUTIVE ORDERGeneral Discussion

The Department of the Treasury, Financial Management Service (FMS), has been given the responsibility for implementing the debt collection provisions of the Debt Collection Improvement Act of 1996 (DCIA), which was enacted as part of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Public Law 104-134). The primary purpose of the DCIA is to improve collection of non-tax debts owed to the Federal Government, and the Act includes provisions for a centralized administrative offset program at FMS to collect Federal debts.

While the general focus of the DCIA is to improve collection of non-tax debt owed to the Federal Government, the Act also allows for offsetting Federal payments to collect certain delinquent child support debts.

FMS is implementing the debt collection provisions of the DCIA, including the collection of delinquent child support debts, in cooperation with the Department of Health and Human Services. However, establishing the centralized administrative offset process also requires the cooperation of all Federal agencies. An Executive Order which focused on the importance and priority of this initiative would clearly enhance FMS' ability to implement its centralized administrative offset program and to begin collection of delinquent child support debts through offset.

The DCIA also contains a provision which prohibits extension of Federal credit to persons who have delinquent Federal debts. In addition, the Federal Claims Collection Standards suggest that Federal agencies give serious consideration to suspending or revoking Federal licenses, permits and privileges of persons delinquent on Federal claims (see 4 CFR 102.9). Denial of Federal financial assistance, licenses, permits and privileges to debtors delinquent on their child support debts, to the extent not prohibited by law, could foster payment of these debts. An Executive Order would be able to establish this governmentwide policy.

Benefits of an Executive Order

- o The EO establishes implementation of centralized offset for the collection of child support debts as a governmentwide priority. Although agencies are required by law to implement the DCIA, most agencies will not obtain any benefit by assisting with the collection of child support debt. Therefore, unless implementation of the offset program is established as a governmentwide priority, agencies will implement the DCIA in accordance with their own internal priorities and available resources.
- o The EO directs agencies to commit resources and personnel to accomplish specific administrative offset goals within specific timeframes. This will assure that collection of delinquent child support debts by offset will actually begin at the earliest possible time.
- o The EO establishes a policy that the Federal Government will not extend discretionary loans, guaranties, licenses, privileges or permits to delinquent child support debtors. This will encourage delinquent debtors to pay their past due child support obligations.
- o The EO requires that the Secretary of the Treasury report to the President periodically on the progress of its implementation. This will assure that the White House has adequate information to monitor the implementation of, and agency compliance with, the EO.

Executive Order--Actions Required of All Executive Agencies To Facilitate Collection of Delinquent Child Support Obligations Through Implementation of Certain Provisions of the Debt Collection Improvement Act of 1996

On April 26, 1996, the Debt Collection Improvement Act of 1996 was signed into law as part of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Public Law 104-134). The primary purpose of the Debt Collection Improvement Act is to increase collection of non-tax debts owed to the Federal Government, and the legislation contains numerous authorities and tools to facilitate this objective.

Among the provisions incorporated into the Debt Collection Improvement Act were provisions which can be used to assist in the collection of past due child support, and I have determined that priority should be given to the implementation of these provisions. The failure of parents to pay their fair share toward the support of their children often leaves the children financially deprived and economically disadvantaged. This Administration is committed to enhancing the health and well-being of America's children, and to assuring that all children have a fair opportunity to share in the American dream.

The Debt Collection Improvement Act provides a new authority which allows the collection of past due child support debts through the offset of Federal payments.

Additionally, the Debt Collection Improvement Act of 1996 provides authority for Federal agencies to deny financial assistance to delinquent Federal debtors. A similar policy concerning delinquent child support debtors would encourage the payment of these debts.

Now, Therefore, 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. Within 60 days of this order, the Secretary of Health and Human Services shall begin implementing the procedures required to report to Treasury all information necessary on past due child support claims referred to the Department of Health and Human Services by States to assist the disbursing officials of the Federal Government in conducting administrative offset to collect past due child support.

Section 2. Within 60 days of this order, in accordance with the provisions of the Debt Collection Improvement Act of 1996, the disbursing officials of the Department of the Treasury shall begin implementing the procedures required to:

(a) conduct offsets to collect past due child support debts, distributing the collected funds to the appropriate party or parties, and notifying, in writing, all affected parties;

(b) arrange for the matching of delinquent child support debtor data with the payment certification records of non-Treasury disbursing officers, for the purpose of offsetting Federal payments which are not disbursed by Treasury;

(c) disclose to the Secretary of Health and Human Services any information contained in payment certification records concerning the delinquent debtor which would assist in the collection of the delinquent child support debt, whether or not an offset is conducted;

Section 3. All agencies certifying payments to the Department of the Treasury shall:

(a) within 30 days of this order, review all classes of payments which the agency certifies to the Department of the Treasury to determine if any classes of payments should be exempt from offset, and, if any such classes are identified, submit a written request for a waiver from offset to the Secretary of the Treasury, indicating the reason or reasons such payments should be exempt, including whether offset would tend to interfere substantially with or defeat the purposes of the agency's program; and

(b) within 120 days of this order, modify the payment certifications submitted to Treasury, as necessary and in accordance with instructions from the disbursing officials of the Treasury, to permit matching and offset to occur, including submitting a taxpayer identifying number with each payment certification.

Section 4. Within 90 days of the date of this Executive Order, all non-Treasury agencies which disburse Federal payments shall:

(a) begin implementing the procedures to match their payment

certification records with the debtor records maintained by Treasury and conduct offsets to collect delinquent child support debts; and

(b) in cooperation with Treasury, provide for the distribution of proceeds and notice of offset to the appropriate parties.

Section 5. All agencies shall:

(a) deny financial assistance in the form of a loan or loan guarantee, or loan insurance to any individual, or any entity that is controlled by an individual, who is delinquent on a child support debt, unless such denial is prohibited by law or the head of the agency specifically approves the extension of financial assistance;

(b) deny, suspend, terminate or revoke any licenses, permits, contracts or privileges extended under the laws of the United States requested by or granted to an individual, or any entity that is controlled by an individual, who is delinquent on a child support debt which has been reported to a disbursing official of the Department of the Treasury, unless such denial, suspension, termination or revocation is in violation of Federal law or is specifically waived by the head of the agency; and

(c) amend or revise any rules, procedures or standards necessary to implement this Section. Agencies shall report to Treasury if the denials required under this Section are prohibited by law.

Section 6. All agencies shall:

(a) fully cooperate with each other to assure the success of this initiative;

(b) publish in the Federal Register any notices required to be published under the Privacy Act of 1974, as amended, in order to comply with this Executive Order; and

(c) commit such resources as are necessary to facilitate the full and timely implementation of this Executive Order.

Section 7. The Secretary of the Treasury shall:

(a) enter into reciprocal agreements with States to collect delinquent child support debts through administrative offsets;

(b) provide written reports, at ninety day intervals, detailing the progress of the implementation of this Order until all aspects of this Order are fully implemented. The Secretary is requested to incorporate in his reports any additional steps this Administration could take to assure collection of delinquent child support debts.

William J. Clinton

352

**Executive Order 12953—Actions
Required of All Executive Agencies
To Facilitate Payment of Child
Support**

February 27, 1995

Children need and deserve the emotional and financial support of both their parents.

The Federal Government requires States and, through them, public and private employers to take actions necessary to ensure that monies in payment of child support obligations are withheld and transferred to the child's caretaker in an efficient and expeditious manner.

The Federal Government, through its civilian employees and Uniformed Services members, is the Nation's largest single employer and as such should set an example of leadership and encouragement in ensuring that all children are properly supported.

Now, Therefore, by the authority vested in me as President by the Constitution and the laws of the United States of America, including section 301 of title 3, United States Code, it is hereby ordered as follows:

Part 1—PURPOSE

Section 101. This executive order: (a) Establishes the executive branch of the Federal Government, through its civilian employees and Uniformed Services members, as a model employer in promoting and facilitating the establishment and enforcement of child support.

(b) Requires all Federal agencies, including the Uniformed Services, to cooperate fully in efforts to establish paternity and child support orders and to enforce the collection of child and medical support in all situations where such actions may be required.

(c) Requires each Federal agency, including the Uniformed Services, to provide information to its employees and members about actions that they should take and services that are available to ensure that their children are provided the support to which they are legally entitled.

Part 2—DEFINITIONS

For purposes of this order:

Sec. 201. "Federal agency" means any authority as defined at 5 U.S.C. 105, including the Uniformed Services, as defined in section 202 of this order.

Sec. 202. "Uniformed Services" means the Army, Navy, Marine Corps, Air Force, Coast Guard, and the Commissioned Corps of the National Oceanic and Atmospheric Administration, and the Public Health Service.

Sec. 203. "Child support enforcement" means any administrative or judicial action by a court or administrative entity of a State necessary to establish paternity or establish a child support order, including a medical support order, and any actions necessary to enforce a child support or medical support order. Child support actions may be brought under the civil or criminal laws of a State and are not limited to actions brought on behalf of the State or individual by State agencies providing services under title IV-D of the Social Security Act, 42 U.S.C. 651 *et seq.*

Sec. 204. "State" means any of the fifty States, the District of Columbia, the territories, the possessions, and the Commonwealths of Puerto Rico and of the Mariana Islands.

Part 3—IMMEDIATE ACTIONS TO ENSURE CHILDREN ARE SUPPORTED BY THEIR PARENTS

Sec. 301. Wage Withholding. (a) Within 60 days from the date of this order, every Federal agency shall review its procedures for wage withholding under 42 U.S.C. 659 and implementing regulations to ensure that it is in full compliance with the requirements.

of that section, and shall endeavor, to the extent feasible, to process wage withholding actions consistent with the requirements of 42 U.S.C. 666(h).

(b) Beginning no later than July 1, 1995, the Director of the Office of Personnel Management (OPM) shall publish annually in the *Federal Register* the list of agents (and their addresses) designated to receive service of withholding notices for Federal employees.

Sec. 302. Service of Legal Process. Every Federal agency shall assist in the service of legal process in civil actions pursuant to orders of courts of States to establish paternity and establish or enforce a support obligation by making Federal employees and members of the Uniformed Services stationed outside the United States available for the service of process. Each agency shall designate an official who shall be responsible for facilitating a Federal employee's or member's availability for service of process, regardless of the location of the employee's workplace or member's duty station. The OPM shall publish a list of these officials annually in the *Federal Register*, beginning no later than July 1, 1995.

Sec. 303. Federal Parent Locator. Every Federal agency shall cooperate with the Federal Parent Locator Service, established under 42 U.S.C. 653, by providing complete, timely and accurate information that will assist in locating noncustodial parents and their employers.

Sec. 304. Crossmatch for Delinquent Obligors. (a) The master file of delinquent obligors that each State child support enforcement agency submits to the Internal Revenue Service for Federal income tax refund offset purposes shall be matched at least annually with the payroll or personnel files of Federal agencies in order to determine if there are any Federal employees with child support delinquencies. The list of matches shall be forwarded to the appropriate State child support enforcement agency to determine, in each instance, whether wage withholding or other enforcement actions should be commenced. All matches will be performed in accordance with 5 U.S.C. 552a(a)-(u).

(b) All Federal agencies shall inform current and prospective employees that

crossmatches are routinely made between Federal personnel records and State records on individuals who owe child support, and inform employees how to initiate voluntary wage withholding requests.

Sec. 305. Availability of Service. All Federal agencies shall advise current and prospective employees of services authorized under title IV-D of the Social Security Act that are available through the States. At a minimum, information shall be provided annually to current employees through the Employee Assistance Program, or similar programs, and to new employees during routine orientation.

Sec. 306. Report on Actions Taken. Within 90 days of the date of this order, all Federal agencies shall report to the Director of the Office of Management and Budget (OMB) on the actions they have taken to comply with this order and any statutory, regulatory, and administrative barriers that hinder them from complying with the requirements of part 3 of this order.

Part 4—ADDITIONAL ACTIONS

Sec. 401. Additional Review for the Uniformed Services.

(a) In addition to the requirements outlined above, the Secretary of the Department of Defense (DOD) will chair a task force, with participation by the Department of Health and Human Services (HHS), the Department of Commerce, and the Department of Transportation, that shall conduct a full review of current policies and practices within the Uniformed Services to ensure that children of Uniformed Services personnel are provided financial and medical support in the same manner and within the same time frames as is mandated for all other children due such support. This review shall include, but not be limited to, issues related to withholding non-custodial parents' wages, service of legal process, activities to locate parents and their income and assets, release time to attend civil paternity and support proceedings, and health insurance coverage under the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). All relevant existing statutes, including the Soldiers and Sailors Civil Relief Act of 1940, the Uniformed Services Former Spouses Protection Act, and the Tax Equity

and Fiscal Responsibility Act of 1992, shall be reviewed and appropriate legislative modifications shall be identified.

(b) Within 180 days of the date of this order, DOD shall submit to OMB a report based on this review. The report shall recommend additional policy, regulatory and legislative changes that would improve and enhance the Federal Government's commitment to ensuring parental support for all children.

Sec. 402. Additional Federal Agency Actions. (a) OPM and HHS shall jointly study and prepare recommendations concerning additional administrative, regulatory, and legislative improvements in the policies and procedures of Federal agencies affecting child support enforcement. Other agencies shall be included in the development of recommendations for specific items as appropriate. The recommendations shall address, among other things:

- (i) any changes that would be needed to ensure that Federal employees comply with child support orders that require them to provide health insurance coverage for their children;
- (ii) changes needed to ensure that more accurate and up-to-date data about civilian and uniformed personnel who are being sought in conjunction with State paternity or child support actions can be obtained from Federal agencies and their payroll and personnel records, to improve efforts to locate noncustodial parents and their income and assets;
- (iii) changes needed for selecting Federal agencies to test and evaluate new approaches to the establishment and enforcement of child support obligations;
- (iv) proposals to improve service of process for civilian employees and members of the Uniformed Services stationed outside the United States, including the possibility of serving process by certified mail in establishment and enforcement cases or of designating an agent for service of process that would have the same effect and bind employees to the same extent as actual service upon the employees;
- (v) strategies to facilitate compliance with Federal and State child support require-

ments by quasi-governmental agencies, advisory groups, and commissions; and (vi) analysis of whether compliance with support orders should be a factor used in defining suitability for Federal employment.

(b) The recommendations are due within 180 days of the date of this order. The recommendations are to be submitted in writing to the Office of Management and Budget.

Sec. 501. Internal Management. This order is intended only to improve the internal management of the executive branch with regard to child support enforcement and shall not be interpreted to create any right or benefit, substantive or procedural, enforceable at law by a party against the United States, its officers, or any other person.

Sec. 502. Sovereignty of the United States Government. This order is intended only to provide that the Federal Government has elected to require Federal agencies to adhere to the same standards as are applicable to all other employers in the Nation and shall not be interpreted as subjecting the Federal Government to any State law or requirement. This order should not be construed as a waiver of the sovereign immunity of the United States Government or of any existing statutory or regulatory provisions, including 42 U.S.C. 659, 662, and 665; 5 CFR Part 581; 42 CFR Part 21, Subpart C; 32 CFR Part 54; and 32 CFR Part 81.

Sec. 503. Defense and Security. This order is not intended to require any action that would compromise the defense or national security interest of the United States.

William J. Clinton

The White House,
February 27, 1995.

[Filed with the Office of the Federal Register,
11:23 a.m., February 27, 1995]

NOTE: This Executive order was published in the
Federal Register on February 28.

Remarks at the American Red Cross
February 27, 1995

Thank you very much, ladies and gentlemen, and thank you, Elizabeth Dole. Thank you for your remarks, and thank you espe-

EXECUTIVE ORDER

PROPOSED ACTIONS REQUIRED OF ALL FEDERAL AGENCIES TO FACILITATE PAYMENT OF CHILD SUPPORT

Whereas, children need and deserve the emotional and financial support of both their parents;

Whereas, the Federal Government requires States and, through them, public and private employers to take actions necessary to ensure that monies in payment of child support obligations are withheld and transferred to the child's caretaker in an efficient and expeditious manner; and

Whereas, the Federal Government, through its civilian and Uniformed Services work force, is the nation's largest single employer and as such should set an example of leadership and encouragement in ensuring that all children are properly supported;

Now, therefore, by the authority vested in me as President by the Constitution and the laws of the United States of America, including section 301 of title 3, it is hereby ordered as follows:

Part I - PURPOSE

Sec. 01. This Executive Order:

(a) Establishes the Executive Branch of the Federal Government, through its civilian and Uniformed Services work force, as a model employer in promoting and facilitating the establishment of paternity and the establishment and enforcement of child support.

(b) Requires all Federal agencies, including the Uniformed Services, to cooperate fully in efforts to establish paternity and to establish and enforce the collection of child and medical support in all situations that such actions may be required.

(c) Requires each Federal agency, including the Uniformed Services, to provide information to its work force about actions that employees should take and services that are available to ensure that their children are provided the support to which they are legally entitled.

Part II - DEFINITIONS

For Purposes Of This Order:

Sec. 001. "Federal Agency" means any department, agency, Uniformed Service or other instrumentality of the Executive Branch as defined under 5 U.S.C. 551(1) and 552(f).

Sec. 102. "Uniformed Services" means the Army, Navy, Marine Corps, Air Force, Coast Guard, and the Commissioned Corps of the National Oceanic and Atmospheric Administration and the Public Health Service.

Sec. 103. "Child Support Enforcement" means any administrative or judicial action necessary to establish paternity, establish a child support order, including a medical support order and any actions necessary to enforce a child support or medical support order. Child support actions may be brought under the civil or criminal laws of the State and are not limited to actions brought on behalf of the State or individual by State agencies providing services under title IV-D of the Social Security Act.

Part 2 - IMMEDIATE ACTIONS TO ENSURE CHILDREN ARE SUPPORTED BY THEIR PARENTS

Sec. 101. Wage Withholding

(a) Within 60 days from the date of this Executive Order, every Federal agency, shall implement wage withholding to the fullest extent possible in accordance with the time frames and other requirements in withholding notices issued in accordance with 42 U.S.C. 666(b) and implementing regulations.

(b) Beginning no later than July 1, 1995, the Office of Personnel Management (OPM) shall publish semiannually in the Federal Register the list of agents (and their addresses) designated to receive service of withholding notices for Federal employees.

Sec. 102. Service of Process

Every Federal agency shall assist in the service of process in civil actions to establish paternity and establish or enforce a support obligation by making Federal employees or members of the Uniformed Services stationed outside the U.S. available for the service of process. Each agency shall designate an official who shall be responsible for ensuring a Federal employee's availability for service of process, regardless of the location of the employee's work place. OPM shall publish a list of these officials semiannually in the Federal Register, beginning no later than July 1, 1995.

Sec. 103. Federal Parent Locator

Every Federal agency shall cooperate with the Federal Parent Locator Service, established under 42 U.S.C. 653, by providing complete, timely and accurate information that will help in locating noncustodial parents and their employers.

Sec. 304. Crossmatch for Delinquent Obligors

(a) The master file of delinquent obligors which each State child support enforcement agency submits to the Internal Revenue Service for Federal income tax refund offset purposes shall be matched at least annually with the payroll or personnel files of Federal agencies in order to determine if there are any Federal employees with child support delinquencies. The list of matches shall be forwarded to the appropriate State child support enforcement agency to determine, in each instance, whether wage withholding or other enforcement actions should be commenced. All matches will be performed in accordance with 5 U.S.C. 552a(o)-(u).

(b) All Federal agencies shall inform current and prospective employees that crossmatches are routinely made between Federal personnel records and State records on individuals who owe child support and inform employees how to initiate voluntary wage withholding requests.

Sec. 305. Availability of Services

All Federal agencies shall advise current and prospective employees of services authorized under title IV-D of the Social Security Act that are available through the States. At a minimum, information shall be provided annually to current employees through the Employee Assistance Program, or similar programs, and to new employees during routine orientation.

Sec. 306. Report on Actions Taken

Within 90 days of the date of this Executive Order, all Federal agencies shall report to the Office of Management and Budget (OMB) on the actions they have taken to comply with the Executive Order and of any statutory, regulatory, and/or administrative barriers that prevent them from complying with the requirements of Part 3 of this Executive Order.

Part 4 - ADDITIONAL ACTIONS

Sec. 401. Additional Review for the Uniformed Services

(a) In addition to the requirements outlined above, DOD in consultation with HHS (and with participation, as necessary, by other appropriate agencies) shall conduct a full review of current policies and practices within the Uniformed Services to ensure that children of Uniformed Services personnel are provided financial and medical support in the same manner and within the same timeframes as is mandated for all other children due such support. This review shall include, but not be limited to issues related to withholding non-custodial parents' wage, service of process, activities to locate parents and their income and assets, release time to attend civil paternity and support proceedings, and health insurance coverage under the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). All

relevant existing statutes, including the Soldiers and Sailors Civil Relief Act of 1940, the Uniformed Services Former Spouses Protection Act, and the Tax Equity and Fiscal Responsibility Act of 1982, shall be reviewed and appropriate legislative modifications shall be identified.

(b) Within 180 days of the date of this Executive Order, DOD shall submit to OMB a report based on this review. The report shall recommend additional policy, regulatory and legislative changes that would improve and enhance the Federal Government's commitment to ensuring parental support for all children.

Sec. 12. Additional Federal Agency Actions

(a) OPM and HHS shall jointly prepare recommendations for additional administrative, regulatory or legislative improvements in the policies and procedures of Federal agencies affecting child support enforcement. Other agencies will be included in the development of recommendations for specific items as appropriate. The recommendations shall include:

(i) procedures to ensure that Federal agencies require employees to enroll their children in health insurance plans when an employee required by a child support order to provide such support has failed to do so and procedures to ensure that Federal Employees Health Benefits Program insurers do not have policies or practices which result in refusal to enroll a child based on the residence of the child or the marital status of the employee.

(ii) procedures to ensure that more accurate and up-to-date data about civilian and uniformed personnel who are being sought in conjunction with a State paternity or child support action can be obtained from Federal agencies and their payroll and personnel records with which to improve efforts to locate non-custodial parents and their income and assets;

(iii) procedures for selecting Federal agencies to pilot test and evaluate new approaches to the establishment and enforcement of child support obligations;

(iv) additional proposals to improve service of process for civilian employees and members of the military stationed outside the United States, including the possibility of serving process by certified mail in establishment and enforcement cases or of designating an agent for service of process which would have the same effect and bind employees to the same extent as actual service upon the employee;

(v) strategies to facilitate the compliance with Federal and State child support requirements by quasi-governmental agencies, advisory groups, and commissions.

(vi) whether a single agency should be designated to receive and effectuate wage withholding orders for all Federal employees; and

(vii) whether compliance with support obligations should be a condition of Federal employment or a factor used in defining suitability for Federal employment.

(b) The recommendations for item (i) are due within 90 days of the date of this Executive Order. The recommendations for items (ii) - (vii) are due within 180 days of the date of this Executive Order. The recommendations are to be submitted to OMB.

Sec. 511. Internal Management

This Executive Order is intended only to improve the internal management of the Executive Branch with regard to child support enforcement and shall not be interpreted to create any right or benefit, substantive or procedural, enforceable at law by a party against the United States, its officers, or any other person.

Sec. 512. Sovereignty of the United States Government

This Executive Order is intended only to provide that the Federal Government has elected to require Federal agencies to adhere to the same standards as are applicable to all other employers in the Nation and shall not be interpreted as subjecting the Federal Government to any State law or requirement. This Order should not be construed as a waiver of the Sovereignty of the United States Government or of any existing statutory or regulatory provisions, including the following: 42 U.S.C. 659 and 662; 5 CFR Part 581; 42 CFR Part 21, Subpart C; 32 CFR Part 54; and 32 CFR Part 81.

Sec. 513. Defense and Security

Further, this Executive Order is not intended to require any action which would compromise the defense or security interest of the United States of America.

Sec. 514. Effective Date

Unless otherwise stated the provisions of this Order shall be effective immediately.

January 18, 1995

NOTE TO RAHM EMMANUEL, BRUCE REED --

Per your request, I have attached further information about the draft Executive Order on child support enforcement. The proposal was forwarded to White House Cabinet Affairs by the Department on December 28, 1994.

In general, the Executive Order commits the executive branch to implement wage withholding processes for child support obligations; ensure that legal papers are served promptly to federal employees; disclose employees' addresses and social security numbers when appropriate; match agency personnel files with HHS' master file of delinquent child support obligors; and begin using select federal agencies to test innovative child support approaches.

As we discussed, there are several reasons to consider a Presidential event on child support enforcement, either before or after the bipartisan working session on January 28. First, such an event would allow the President to highlight several successes of his administration: higher child support collections; stepped-up federal prosecution of delinquent parents who flee across state lines; a unique effort by the IRS to collect overdue child support by garnishing income tax refunds; and an innovative "reinventing government" collaboration among the departments of Justice, Treasury, and Health and Human Services.

In addition, such an event would allow the Administration to "claim" an important issue for the middle class, and draw a sharp contrast with the Republican leadership on the issue of welfare reform. On child support, our approach has always been to link improved child support enforcement with paternity establishment and welfare reform in a strong message of "parental responsibility" and "prevention of welfare dependency." This message rings especially true to the middle class, who know the economic risks associated with divorce and the basic value of marriage and responsibility. We now have the opportunity to challenge the Republicans to match our commitment -- to move aggressively on child support enforcement as part of welfare reform. One additional benefit of a child support event is the opportunity to forge a coalition with influential members of the Congressional Caucus on Womens' Issues, such as Senator Mikulski and Representative Kennelly, who have long advocated swift action on child support.

In addition to the information on the proposed Executive Order, I have included two draft departmental press releases on child support which could be rolled into the announcement. As we discussed, this event could also work as a Cabinet-level press conference; please let me know your thoughts and I'll gather more information.

Melissa Skolfield

01/18/95 15:52



202 690 5873

HHS-PUBLIC AFFAIR
DEPARTMENT OF HEALTH & HUMAN SERVICES

003

Chief of Staff

Washington, D.C. 20201

DEC 28 1994

MEMORANDUM FOR STEVE SILVERMAN

Enclosed is a memorandum for the President regarding his initiative to improve child support payment in the federal work force.


Kevin Thurn

Enclosure



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

Child Support -
Exec Order

DEC 28 1994

MEMORANDUM FOR THE PRESIDENT

Throughout your campaign and during your administration, you have frequently emphasized the importance of making noncustodial parents accountable for raising their children and identified the necessity of reforming the child support enforcement system. The Omnibus Budget Reconciliation Act of 1993 includes two Administration legislative proposals to begin this process. These proposals streamline the establishment of paternity and improve access to medical coverage for children.

During the development of your FY 1994 budget, the Department of Health and Human Services (HHS) agreed to develop an initiative to improve the role of the Federal Government as an employer in the area of child support enforcement. In response to this request, we have developed an initiative which would be spearheaded by an Executive Order signed by you. A proposed Executive Order is enclosed. This Order directs all agencies of the Executive Branch, including the Uniformed Services, to take action to ensure that children of Federal employees receive the support to which they are entitled.

The Executive Order requires all Federal agencies to take specific immediate actions to ensure that children of Federal employees are supported by their parents. The Order also directs the Office of Personnel Management, the Department of Defense, and HHS to identify additional recommendations on how to make the Federal Government an innovative leader in this area and to report these findings to the Office of Management and Budget (OMB). OMB would be responsible for ensuring that the Executive Order is followed.

This Executive Order is complementary to the child support reforms which were included in the Work and Responsibility Act of 1994. Signing this Executive Order would provide you with an opportunity to act upon your commitment to improving the child support system in advance of the resubmittal of your welfare reform legislation. It would also show your desire to have all Federal employees meet their responsibilities as parents. Finally, I believe that the Executive Order outlines a course of action that is compatible with your desire to make the Federal Government operate more efficiently. I recommend that you sign the Executive Order.

Donna E. Shalala

Enclosure

HHS NEWS

DRAFT #304

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

FOR IMMEDIATE RELEASE

Contact: Michael Kharfen
(202) 401-9215

IRS COLLECTIONS FOR DELINQUENT CHILD SUPPORT INCREASE

The federal government collected a record \$686 million in delinquent child support in 1993 by taking the money from income tax refunds, the Department of Health and Human Services reported today. The amount was 12.6 percent higher than 1992, and nearly 1 million families benefited.

"The income tax system gives us a serious tool for addressing a serious problem," said HHS Secretary Donna E. Shalala. "We need to use it to its fullest effect. When absent parents are not paying the support that is legally due to their children, we need to take every appropriate step to recover the support through other means. That must include withholding that money from the tax refund that the delinquent parent would otherwise receive."

Under the tax offset program, State Child Support Enforcement agencies report names of parents who owe child support payments and the overdue amount to the federal Administration for Children and Families/Office of Child Support Enforcement. These persons are notified in writing of the amount that would be withheld to cover their child support debt. They are also advised of their right to contest the action if they believe it to be in error. Parents may have their names deleted from the list by paying the full amount

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DRAFT

#304

due, or at state option, by entering into an agreement to make periodic payments.

"Every dollar we collect means food on the table and warm clothing for a deserving child," said Mary Jo Bane, assistant secretary for children and families. "Through determined state and local actions and the use of new technologies, the tax offset program is tremendously successful in securing money from parents who refuse to pay."

Parents whose children receive Aid to Families with Dependent Children and whose unpaid child support totals \$150 or more may have their federal income tax refunds withheld. Refunds were withheld for over 721,000 families receiving AFDC. For families who do not receive AFDC, an accrued debt of \$500 can activate an offset. This year 253,829 non-AFDC families benefited from child support collected through the tax offset program.

For 1993, the average collection was \$728 for non-AFDC cases, while the average collection for AFDC cases was \$682. The cost of processing these cases was \$7.28 per case. States with an income tax also must be able to withhold state income tax refunds due to parents owing such debts.

"We need to do more to ensure that every parent supports his or her children," Secretary Shalala said. "That is why the Clinton administration has proposed changes to create a more aggressive and tougher child support system. We want there to be no escape for those who seek to avoid responsibility for their children."

The administration's proposals include universal paternity establishment and new penalties for those who refuse to pay, including withholding drivers' licenses.

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HHS NEWS

DRAFT #322

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

FOR IMMEDIATE RELEASE

Contact: Michael Kharfen
202/401-9215

HHS ANNOUNCES CHILD SUPPORT ENFORCEMENT REINVENTION UNDERWAY

HHS Secretary Donna E. Shalala announced today that the nation's child support enforcement program has launched an initiative to promote improved performance, service quality, and public satisfaction in the program.

"The President's mission to make government work better for the American people will enable us to build durable reforms in the nation's child support enforcement program," said Mary Jo Bane, assistant secretary for children and families. "The urgency of our task has been expressed repeatedly by many. This initiative to set goals and measure results will strengthen our ability to ensure needed support for millions of children."

As a two-year pilot project under the Government Performance and Results Act of 1993 (GPRA), the Administration for Children and Families, Office of Child Support Enforcement will work to develop effective partnerships with all states. To support the initiative, about 30 state and local child support programs have volunteered to conduct improvements.

"We recognized the need for significant improvement in the child support system, and have gained support for reinvention. We will work closely with our state and local partners to help them accomplish their objectives in these demonstrations," said David Gray Ross, Deputy Director, Office of Child Support Enforcement.

- More -

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DRAFT #322

"We have much work to do, but today we are taking a big step forward to help children."

Highlights of some demonstrations follow:

In California, Los Angeles, San Francisco and Sacramento counties will, respectively, try to improve cooperation of welfare mothers in identifying and locating alleged fathers; explore the feasibility of group medical insurance for children whose parents do not have work-based insurance; and provide employment counseling to noncustodial parents. In a statewide demonstration, California will provide seed money to stimulate innovations in child support operations to boost collections.

In Illinois, the Chicago (Cook County) program will streamline the child support referral process under a "one-stop shopping" concept so that unemployed noncustodial parents can become quickly employed and pay their child support.

The Michigan project will attempt to improve child support program management by using a new contracting process under which state reimbursements to prosecuting attorneys and Friends of the Court will be results based.

The demonstration in New York is part of a regional initiative, including New Jersey and to a lesser degree, Puerto Rico and the Virgin Islands. Key projects are in improving collections of child support arrears by obtaining access to better information on parents' financial assets, and developing criteria to measure the effectiveness of paternity establishment activities.

- More -

- 3 -

DRAFT #322

A regional project in Kansas, Missouri, Iowa, and Nebraska will improve service delivery, initiate results-oriented performance measures, and conduct training.

Ohio's demonstration will measure the state's overall child support program performance. It will evaluate the effectiveness of improvements made in the past three years to correct program deficiencies.

Nearly 30 percent of all births in the United States are to unmarried parents. In FY 1993 almost 3.5 million children in the child support enforcement program needed legal paternity established. In that year only 554,204 were established, a 7 percent increase over 1992. Child support collections in 1993 reached a record \$8.9 billion.

The federal/state child support program is one of about 70 federal programs designated by the Office of Management and Budget as pilots under GPRA.

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MEMORANDUM FOR DISTRIBUTION

FROM: Ken Apfel

SUBJECT: Child Support Enforcement Executive Order

DATE: February 24, 1995

*Child Support -
Exec. Order*

The draft executive order on child support is fine as far as it goes. However it puts off many recommendations for improving child support in the Federal government to a committee that will report to OMB sometime in the future. I believe this is an important opportunity to significantly improve child support collections now and there is substantial agreement on simple actions the federal government can take. To take advantage of this opportunity and strengthen the executive order, I recommend at a minimum adding the following provision:

- Make child support payment a condition of Federal employment. This provision would require each person employed by the Federal government or applying for federal employment to be current in their payment of child support and/or in compliance with an approved repayment schedule.

Distribution:

Bob Damus
Bill Halter
Bruce Reed
Rahm Emanuel
Jeremy Ben-Ami
Joel Klein

THE WHITE HOUSE
WASHINGTON

*Child Support -
Exec. Order*

February 22, 1995

MEMORANDUM FOR JEREMY BEN-AMI
BRUCE REED 216
BILL HALTER
RAHM EMANUEL
JOEL KLEIN

FROM: JENNIFER O'CONNOR 

Attached is a draft Executive Order which directs all agencies of the Executive Branch, including the Uniformed Services, to take action to ensure that children of federal employees receive the support to which they are entitled. The Executive Order is complementary to the child support reforms which were included in the Work and Responsibility Act of 1994.

Rahm Emanuel is coordinating the signing of this Executive Order to be this Saturday as part of the radio address. So we need to clear it as soon as possible.

Please let me know your comments as soon as possible.



DEC 20 1994

MEMORANDUM FOR STEVE SILVERMAN

Enclosed is a memorandum for the President regarding his initiative to improve child support payment in the federal work force.


Kevin Thurm

Enclosure



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

DEC 28 1994

MEMORANDUM FOR THE PRESIDENT

Throughout your campaign and during your administration, you have frequently emphasized the importance of making noncustodial parents accountable for raising their children and identified the necessity of reforming the child support enforcement system. The Omnibus Budget Reconciliation Act of 1993 includes two Administration legislative proposals to begin this process. These proposals streamline the establishment of paternity and improve access to medical coverage for children.

During the development of your FY 1994 budget, the Department of Health and Human Services (HHS) agreed to develop an initiative to improve the role of the Federal Government as an employer in the area of child support enforcement. In response to this request, we have developed an initiative which would be spearheaded by an Executive Order signed by you. A proposed Executive Order is enclosed. This Order directs all agencies of the Executive Branch, including the Uniformed Services, to take action to ensure that children of Federal employees receive the support to which they are entitled.

The Executive Order requires all Federal agencies to take specific immediate actions to ensure that children of Federal employees are supported by their parents. The Order also directs the Office of Personnel Management, the Department of Defense, and HHS to identify additional recommendations on how to make the Federal Government an innovative leader in this area and to report these findings to the Office of Management and Budget (OMB). OMB would be responsible for ensuring that the Executive Order is followed.

This Executive Order is complementary to the child support reforms which were included in the Work and Responsibility Act of 1994. Signing this Executive Order would provide you with an opportunity to act upon your commitment to improving the child support system in advance of the resubmittal of your welfare reform legislation. It would also show your desire to have all Federal employees meet their responsibilities as parents. Finally, I believe that the Executive Order outlines a course of action that is compatible with your desire to make the Federal Government operate more efficiently. I recommend that you sign the Executive Order.

Donna E. Shalala

Enclosure

EXECUTIVE ORDER

PROPOSED ACTIONS REQUIRED OF ALL FEDERAL AGENCIES TO FACILITATE PAYMENT OF CHILD SUPPORT

Whereas, children need and deserve the emotional and financial support of both their parents;

Whereas, the Federal Government requires States and, through them, public and private employers to take actions necessary to ensure that monies in payment of child support obligations are withheld and transferred to the child's caretaker in an efficient and expeditious manner; and

Whereas, the Federal Government, through its civilian and Uniformed Services work force, is the nation's largest single employer and as such should set an example of leadership and encouragement in ensuring that all children are properly supported;

Now, therefore, by the authority vested in me as President by the Constitution and the laws of the United States of America, including section 301 of title 3, it is hereby ordered as follows:

Part 1 - PURPOSE

Sec. 101 This Executive Order:

- (a) Establishes the Executive Branch of the Federal Government, through its civilian and Uniformed Services work force, as a model employer in promoting and facilitating the establishment of paternity and the establishment and enforcement of child support.
- (b) Requires all Federal agencies, including the Uniformed Services, to cooperate fully in efforts to establish paternity and to establish and enforce the collection of child and medical support in all situations that such actions may be required.
- (c) Requires each Federal agency, including the Uniformed Services, to provide information to its work force about actions that employees should take and services that are available to ensure that their children are provided the support to which they are legally entitled.

Part 2 - DEFINITIONS

For Purposes Of This Order:

Sec. 201. "Federal Agency" means any department, agency, Uniformed Service or other instrumentality of the Executive Branch as defined under 5 U.S.C. 551(1) and 552(f).

Sec. 202. "Uniformed Services" means the Army, Navy, Marine Corps, Air Force, Coast Guard, and the Commissioned Corps of the National Oceanic and Atmospheric Administration and the Public Health Service.

Sec. 203. "Child Support Enforcement" means any administrative or judicial action necessary to establish paternity, establish a child support order, including a medical support order, and any actions necessary to enforce a child support or medical support order. Child support actions may be brought under the civil or criminal laws of the State and are not limited to actions brought on behalf of the State or individual by State agencies providing services under title IV-D of the Social Security Act.

Part 3 - IMMEDIATE ACTIONS TO ENSURE CHILDREN ARE SUPPORTED BY THEIR PARENTS.

Sec. 301. Wage Withholding

(a) Within 60 days from the date of this Executive Order, every Federal agency, shall implement wage withholding to the fullest extent possible in accordance with the time frames and other requirements in withholding notices issued in accordance with 42 U.S.C. 666(b) and implementing regulations.

(b) Beginning no later than July 1, 1995, the Office of Personnel Management (OPM) shall publish semiannually in the Federal Register the list of agents (and their addresses) designated to receive service of withholding notices for Federal employees.

Sec. 302. Service of Process

Every Federal agency shall assist in the service of process in civil actions to establish paternity and establish or enforce a support obligation by making Federal employees or members of the Uniformed Services stationed outside the U.S. available for the service of process. Each agency shall designate an official who shall be responsible for ensuring a Federal employee's availability for service of process, regardless of the location of the employee's work place. OPM shall publish a list of these officials semiannually in the Federal Register, beginning no later than July 1, 1995.

Sec. 303. Federal Parent Locator

Every Federal agency shall cooperate with the Federal Parent Locator Service, established under 42 U.S.C. 653, by providing complete, timely and accurate information that will help in locating noncustodial parents and their employers.

Sec. 304. Crossmatch for Delinquent Obligors

(a) The master file of delinquent obligors which each State child support enforcement agency submits to the Internal Revenue Service for Federal income tax refund offset purposes shall be matched at least annually with the payroll or personnel files of Federal agencies in order to determine if there are any Federal employees with child support delinquencies. The list of matches shall be forwarded to the appropriate State child support enforcement agency to determine, in each instance, whether wage withholding or other enforcement actions should be commenced. All matches will be performed in accordance with 5 U.S.C. 552a(o)-(u).

(b) All Federal agencies shall inform current and prospective employees that crossmatches are routinely made between Federal personnel records and State records on individuals who owe child support and inform employees how to initiate voluntary wage withholding requests.

Sec. 305. Availability of Services

All Federal agencies shall advise current and prospective employees of services authorized under title IV-D of the Social Security Act that are available through the States. At a minimum, information shall be provided annually to current employees through the Employee Assistance Program, or similar programs, and to new employees during routine orientation.

Sec. 306. Report on Actions Taken

Within 90 days of the date of this Executive Order, all Federal agencies shall report to the Office of Management and Budget (OMB) on the actions they have taken to comply with the Executive Order and of any statutory, regulatory, and/or administrative barriers that prevent them from complying with the requirements of Part 3 of this Executive Order.

Part 4 - ADDITIONAL ACTIONS

Sec. 401. Additional Review for the Uniformed Services

(a) In addition to the requirements outlined above, DOD in consultation with HHS (and with participation, as necessary, by other appropriate agencies) shall conduct a full review of current policies and practices within the Uniformed Services to ensure that children of Uniformed Services personnel are provided financial and medical support in the same manner and within the same timeframes as is mandated for all other children due such support. This review shall include, but not be limited to issues related to withholding non-custodial parents' wages, service of process, activities to locate parents and their income and assets, release time to attend civil paternity and support proceedings, and health insurance coverage under the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). All

relevant existing statutes, including the Soldiers and Sailors Civil Relief Act of 1940, the Uniformed Services Former Spouses Protection Act, and the Tax Equity and Fiscal Responsibility Act of 1982, shall be reviewed and appropriate legislative modifications shall be identified.

(b) Within 180 days of the date of this Executive Order, DOD shall submit to OMB a report based on this review. The report shall recommend additional policy, regulatory and legislative changes that would improve and enhance the Federal Government's commitment to ensuring parental support for all children.

Sec. 402. Additional Federal Agency Actions

(a) OPM and HHS shall jointly prepare recommendations for additional administrative, regulatory or legislative improvements in the policies and procedures of Federal agencies affecting child support enforcement. Other agencies will be included in the development of recommendations for specific items as appropriate. The recommendations shall include:

- (i) procedures to ensure that Federal agencies require employees to enroll their children in health insurance plans when an employee required by a child support order to provide such support has failed to do so and procedures to ensure that Federal Employees Health Benefits Program insurers do not have policies or practices which result in refusal to enroll a child based on the residence of the child or the marital status of the employee.
- (ii) procedures to ensure that more accurate and up-to-date data about civilian and uniformed personnel who are being sought in conjunction with a State paternity or child support action can be obtained from Federal agencies and their payroll and personnel records with which to improve efforts to locate non-custodial parents and their income and assets;
- (iii) procedures for selecting Federal agencies to pilot test and evaluate new approaches to the establishment and enforcement of child support obligations;
- (iv) additional proposals to improve service of process for civilian employees and members of the military stationed outside the United States, including the possibility of serving process by certified mail in establishment and enforcement cases or of designating an agent for service of process which would have the same effect and bind employees to the same extent as actual service upon the employee;
- (v) strategies to facilitate the compliance with Federal and State child support requirements by quasi-governmental agencies, advisory groups, and commissions.
- (vi) whether a single agency should be designated to receive and effectuate wage withholding orders for all Federal employees; and

(vii) whether compliance with support obligations should be a condition of Federal employment or a factor used in defining suitability for Federal employment.

(b) The recommendations for item (i) are due within 90 days of the date of this Executive Order. The recommendations for items (ii) - (vii) are due within 180 days of the date of this Executive Order. The recommendations are to be submitted to OMB.

Sec. 501. Internal Management

This Executive Order is intended only to improve the internal management of the Executive Branch with regard to child support enforcement and shall not be interpreted to create any right or benefit, substantive or procedural, enforceable at law by a party against the United States, its officers, or any other person.

Sec. 502. Sovereignty of the United States Government

This Executive Order is intended only to provide that the Federal Government has elected to require Federal agencies to adhere to the same standards as are applicable to all other employers in the Nation and shall not be interpreted as subjecting the Federal Government to any State law or requirement. This Order should not be construed as a waiver of the Sovereignty of the United States Government or of any existing statutory or regulatory provisions, including the following: 42 U.S.C. 659 and 662; 5 CFR Part 581; 42 CFR Part 21, Subpart C; 32 CFR Part 54; and 32 CFR Part 81.

Sec. 503. Defense and Security

Further, this Executive Order is not intended to require any action which would compromise the defense or security interest of the United States of America.

Sec. 504. Effective Date

Unless otherwise stated the provisions of this Order shall be effective immediately.

MARINE CASUALTIES Subtitle II

to a committee referred to in
ation on a major marine casualty
or the chairman of the committee
is not prohibited by a law of the

nually to Congress a summary of
ng the prior fiscal year, together
ken concerning those casualties.
538.)

PART E—MERCHANT SEAMEN LICENSES,
CERTIFICATES, AND DOCUMENTS

HISTORICAL AND STATUTORY NOTES

1985 Amendment
Pub.L. 99-36, § 1(a)(9)(B), May 15,
1985, 99 Stat. 67, substituted "Merchant
Seamen Licenses, Certificates, and Docu-
ments" for "Licenses, Certificates, and
Merchant Mariners' Documents" as the
part E heading.

CHAPTER 71—LICENSES AND CERTIFICATES OF REGISTRY

- Sec.
- 7101. Issuing and classifying licenses and certificates of registry.
- 7102. Citizenship.
- 7103. Licenses for radio officers.
- 7104. Certificates for medical doctors and nurses.
- 7105. Oaths.
- 7106. Duration of licenses.
- 7107. Duration of certificates of registry.
- 7108. Termination of licenses and certificates of registry.
- 7109. Review of criminal records.
- 7110. Exhibiting licenses.
- 7111. Oral examinations for licenses.
- 7112. Licenses of masters or mates as pilots.
- 7113. Exemption from draft.
- 7114. Fees.

HISTORICAL AND STATUTORY NOTES

<p>1990 Amendment Section Analysis. Pub.L. 101-380, Ti- tle IV, § 4102(e)(2), Aug. 18, 1990, 104 Stat. 510, substituted "Review of criminal records" for "Renewal of licenses" in item 7109.</p>	<p>1984 Amendment Pub.L. 98-364, Title IV, § 402(8)(A), July 17, 1984, 98 Stat. 447, substituted "Oral examinations for licenses" for "Li- censes for fishing vessels not subject to inspection" in item 7111.</p>
--	--

46 U.S.C. →

§ 7101. Issuing and classifying licenses and certificates of registry

(a) Licenses and certificates of registry are established for individuals who are required to hold licenses or certificates under this subtitle.

(b) Under regulations prescribed by the Secretary, the Secretary—

(1) issues the licenses and certificates of registry; and

(2) may classify the licenses and certificates of registry as provided in subsections (c) and (f) of this section, based on—

(A) the tonnage, means of propulsion, and horsepower of machine-propelled vessels;

(B) the waters on which vessels are to be operated; or

(C) other reasonable standards.

(c) The Secretary may issue licenses in the following classes to applicants found qualified as to age, character, habits of life, experience, professional qualifications, and physical fitness:

- (1) masters, mates, and engineers.
- (2) pilots.
- (3) operators.
- (4) radio officers.

(d) In classifying individuals under subsection (c)(1) of this section, the Secretary shall establish, when possible, suitable career patterns and service and other qualifying requirements appropriate to the particular service or industry in which the individuals are engaged.

(e) An individual may be issued a license under subsection (c)(2) of this section only if the applicant—

- (1) is at least 21 years of age;
- (2) is of sound health and has no physical limitations that would hinder or prevent the performance of a pilot's duties;
- (3) has a thorough physical examination each year while holding the license, except that this requirement does not apply to an individual who will serve as a pilot only on a vessel of less than 1,600 gross tons;
- (4) demonstrates, to the satisfaction of the Secretary, that the applicant has the requisite general knowledge and skill to hold the license;
- (5) demonstrates proficiency in the use of electronic aids to navigation;
- (6) maintains adequate knowledge of the waters to be navigated and knowledge of regulations for the prevention of collisions in those waters;
- (7) has sufficient experience, as decided by the Secretary, to evidence ability to handle any vessel of the type and size which the applicant may be authorized to pilot, and
- (8) meets any other requirement the Secretary considers reasonable and necessary.

(f) The Secretary may issue certificates of registry in the following classes to applicants found qualified as to character, knowledge, skill, and experience:

- (1) pursers.
- (2) medical doctors.
- (3) professional nurses.

(g) The Secretary may not issue a license or certificate of registry under this section unless an individual applying for the license or certificate makes available to the Secretary, under section 206(b)(7)

of the National Dr. information; contact offense described by the individual.

(h) The Secretary who applies for a

(i) The Secretary applies for issuance under this chapter Federal regulation

(Pub.L. 98-89, Aug. 1984, 98 Stat. 2873; Stat. 509.)

HIS

References in Text

The Driver Register referred to in subsection 97-364, Title II, §§ 1982, 96 Stat. 1740-1 which is set out as a 401 of Title 23, Highw

1990 Amendment

Subsec. (g) to (i), § 4101(a), added subse

1984 Amendment

Subsec. (e)(3). Pub exemption for pilots c than 1,600 gross tons.

Operators of Fishing V

Pub.L. 100-424, § 2, Stat. 1590, provided th of the department in Guard is operating 5 years after the date of Act (Sept. 9, 1988), and

National Driver R certificate of

Acting masters 2
Character and habits
Constitutionality 1
Duty of officers 4
Experience 6
Hearing 7
Regulations 3
Review 8

CERTIFICATES, ETC. Subtitle II

Ch. 71 LICENSES AND CERTIFICATES

46 § 7101
Note 1

enses in the following classes to
e. character, habits of life, experi-
nd physical fitness;
ineers.

of the National Driver Register Act of 1982 (23 U.S.C. 401 note), any
information contained in the National Driver Register related to an
offense described in section 205(a)(3)(A) or (B) of that Act committed
by the individual.

(h) The Secretary may review the criminal record of an individual
who applies for a license or certificate of registry under this section.

(i) The Secretary shall require the testing of an individual who
applies for issuance or renewal of a license or certificate of registry
under this chapter for use of a dangerous drug in violation of law or
Federal regulation.

Pub.L. 98-89, Aug. 26, 1983, 97 Stat. 539; Pub.L. 98-557, § 29(a), Oct. 30,
1984, 98 Stat. 2873; Pub.L. 101-380, Title IV, § 4101(a), Aug. 18, 1990, 104
Stat. 509.)

HISTORICAL AND STATUTORY NOTES

References in Text

The Driver Registration Act of 1982,
referred to in subsec. (g), is Pub.L.
97-304, Title II, §§ 201-211, Oct. 23,
1982, 96 Stat. 1740-1747, as amended,
which is set out as a note under section
601 of Title 23, Highways.

1990 Amendment

Subsecs. (g) to (i). Pub.L. 101-380,
§ 4101(a), added subsecs. (g) to (i).

1984 Amendment

Subsec. (e)(3). Pub.L. 98-557 added
exemption for pilots on a vessel of less
than 1,500 gross tons.

Operators of Fishing Industry Vessels

Pub.L. 100-424, § 3, Sept. 9, 1988, 102
Stat. 1590, provided that: "The Secretary
of the department in which the Coast
Guard is operating shall, within two
years after the date of enactment of this
Act (Sept. 9, 1988), and in close consulta-

tion with the Commercial Fishing Indus-
try Vessel Advisory Committee estab-
lished under section 4508 of title 46,
United States Code (as amended by this
Act) [section 4508 of this title], prepare
and submit to the Congress a plan for the
licensing of operators of documented
fishing, fish processing, and fish tender
vessels. The plan shall take into consid-
eration the nature and variety of the dif-
ferent United States fisheries and of the
vessels engaged in those fisheries, the
need to license all operators or only those
working in certain types of fisheries or
vessels, and other relevant factors."

Legislative History

For legislative history and purpose of
Pub.L. 98-557, see 1984 U.S. Code Cong.
and Adm. News, p. 4831. See, also,
Pub.L. 101-380, 1990 U.S. Code Cong.
and Adm. News, p. 122.

CROSS REFERENCES

National Driver Register, access to register information, applying for license or
certificate of registry, see 49 USCA § 30305.

NOTES OF DECISIONS

Subject matter jurisdiction 9

1. Constitutionality

Former section 229c of this title, which
required radiotelegraph officers on mer-
chant marine vessels to be licensed offi-
cers and which required Coast Guard
Commandant to pass on whether each
applicant's character and habits were
such as to authorize belief that applicant
was suitable and safe person to be en-

under subsection (c)(1) of this sec-
tion, when possible, suitable career
qualifying requirements appropriate
to the industry in which the individuals are

to hold a license under subsection (c)(2) of

the Secretary
has no physical limitations that
affect performance of a pilot's duties;
examination each year while hold-
ing a license; requirement does not apply to an
operator only on a vessel of less than

satisfaction of the Secretary, that the
operator has the general knowledge and skill to hold

to hold a license under subsection (c)(2) of

knowledge of the waters to be navigat-
ed; and the ability to prevent collisions

as decided by the Secretary, to
operate a vessel of the type and size which
is to be operated; and

the Secretary considers rea-

sonable to issue a license or certificate of registry in the following
classes: (1) character, knowledge, skill

and habits of life, experience, and physical fitness;
(2) character, knowledge, skill, and habits of life, experi-
ence, and physical fitness;

to hold a license or certificate of registry
under subsection (c)(2) of this section, when possible, suitable career
qualifying requirements appropriate to the industry in which the individuals are

- ing masters 2
- Character and habits of applicants 3
- Constitutionality 1
- Employment of officers 4
- Experience 6
- Testing 7
- Regulations 3
- Review 8

WELFARE REFORM ACT

"(i) only after such parent has been afforded all due process required under State law, including notice and a reasonable opportunity to contest the accuracy of such information; and

"(ii) only to an entity that has furnished evidence satisfactory to the State that the entity is a consumer reporting agency (as so defined)."

Item 85: (13) SEC. 368. LIENS.

SEC. 368. LIENS.

Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended to read as follows:

"(4) Liens.--Procedures under which--

"(A) liens arise by operation of law against real and personal property for amounts of overdue support owed by a noncustodial parent who resides or owns property in the State; and

"(B) the State accords full faith and credit to liens described in subparagraph (A) arising in another State, when the State agency, party, or other entity seeking to enforce such a lien complies with the procedural rules relating to recording or serving liens that arise within the State, except that such rules may not require judicial notice or hearing prior to the enforcement of such a lien."

Item 86: (12) SEC. 369. STATE LAW AUTHORIZING SUSPENSION OF LICENSES.

SEC. 369. STATE LAW AUTHORIZING SUSPENSION OF LICENSES.



Section 466(a) (42 U.S.C. 666(a)), as amended by sections 315, 317, 323, and 365 of this Act, is amended by inserting after paragraph (15) the following:

"(16) Authority to withhold or suspend licenses.--Procedures under which the State has (and uses in appropriate cases) authority to withhold or suspend, or to restrict the use of driver's licenses, professional and occupational licenses, and recreational licenses of individuals owing overdue support or failing, after receiving appropriate notice, to comply with subpoenas or warrants relating to paternity or child support proceedings."

Item 87: (38) SEC. 370. DENIAL OF PASSPORTS FOR NONPAYMENT OF CHILD SUPPORT.

SEC. 370. DENIAL OF PASSPORTS FOR NONPAYMENT OF CHILD SUPPORT.



(a) NMS Certification Procedure.--

(1) Secretarial responsibility.--Section 452 (42 U.S.C. 652), as amended by section 345 of this Act, is amended by adding at the end the following new subsection:

"(k) (1) If the Secretary receives a certification by a State agency in accordance with the requirements of section 454(31) that an individual owes arrearages of child support in an amount exceeding \$5,000, the Secretary shall transmit such certification to the Secretary of State for action (with respect to denial, revocation, or limitation of passports) pursuant to paragraph (2).

"(2) The Secretary of State shall, upon certification by the Secretary transmitted under paragraph (1), refuse to issue a passport to such individual, and may revoke, restrict, or limit a passport issued previously to such individual.

"(3) The Secretary and the Secretary of State shall not be liable to an individual for any action with respect to a certification by a State agency under this section."

(2) State agency responsibility.--Section 454 (42 U.S.C. 654), as amended by sections 301(b), 303(a), 312(b), 313(a), 333, and 343(b) of this Act, is amended--

(A) by striking "and" at the end of paragraph (29);

(B) by striking the period at the end of paragraph (30) and inserting "; and"; and

(C) by adding after paragraph (30) the following new paragraph:

"(31) provide that the State agency will have in effect a procedure for certifying to the Secretary, for purposes of the procedure under section 452(k), determinations that individuals owe arrearages of child support in an amount exceeding \$5,000, under which procedure--

"(A) each individual concerned is afforded notice of such determination and the consequences thereof, and an opportunity to contest the determination; and

"(B) the certification by the State agency is furnished to the Secretary in such format, and accompanied by such supporting documentation, as the Secretary may require."

(b) Effective Date.--This section and the amendments made by this section shall become effective October 1, 1997.

Item 88: (91) SEC. 371. INTERNATIONAL SUPPORT ENFORCEMENT.

SEC. 371. INTERNATIONAL SUPPORT ENFORCEMENT.



Memo from Melissa T. Skolfield

Assistant Secretary for Public Affairs

Date: 9/24

To: Bruce

- | | |
|--|---|
| <input type="checkbox"/> For necessary action
Date due: _____ | <input type="checkbox"/> For your information |
| <input type="checkbox"/> Comments/Recommendations | <input type="checkbox"/> Please see me |

Remarks:

Note that Treasury's fact sheet goes beyond their stuff & adds more on our record. So it's redundant with ours. So you might ask them to recast it — having trouble getting hold of them.
m.

Office of General Counsel

U.S. Department of Transportation

400 Seventh Street, S.W.

C-40, Room 10100

Washington, D.C. 20590

Telephone: (202)366-4687

Telefax: (202)366-7153

This message is intended only for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential, and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone, and return the original message to us at the above address via the U.S. Postal Service. Thank you.

TO: Mac Reed FROM: Jay Carter

FAX #: 395-7294

Number of pages (including this page)	2
DATE AND TIME	9/16/96
DATE COMMENTS / RESPONSE (IF ANY) ARE DUE	

Remarks:

DOT has no comment or objection on the proposed EO



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503
September 12, 1996

MEMORANDUM FOR DESIGNATED AGENCY HEADS
(SEE ATTACHED DISTRIBUTION LIST)

FROM: Robert G. Damus *RGD*
General Counsel

SUBJECT: Proposed Executive Order Entitled "Supporting
Families: Collecting Delinquent Child Support
Obligations"

Attached is a proposed Executive order entitled "Supporting Families: Collecting Delinquent Child Support Obligations."

It was prepared by the Department of the Treasury, in accordance with the provisions of Executive Order No. 11030, as amended.

On behalf of the Director of the Office of Management and Budget, I would appreciate receiving any comments you may have concerning this proposal. If you have any comments or objections, they should be received no later than close of business Monday, September 16, 1996. Please be advised that agencies that do not respond by the September 16, 1996 deadline will be recorded as not objecting to the proposal.

Comments or inquiries may be submitted by telephone to Mr. Mac Reed of this office (Phone: 395-3563; Fax: 395-7294).

Thank you.

Attachments - Distribution List
Proposed Executive Order

cc: Jack Lew
John Koskinen
Gordon Adams
T.J. Glauthier
Joe Minarik
Ken Apfel
Nancy-Ann Min
Sally Katzen
Steve Kelman
Jill Blickstein
Ed DeSeve



Office of the General Counsel

Washington, DC 20546



FACSIMILE COVER SHEET

DATE: 9/16/96

FROM:

Name: Sara Najjar-Wilson
Code: G6 Phone: 358-2286
FAX No. (202) 358-4355

TO:

No. Pages Sent: 1 + LEAD

O.M.B. AGENCY or Name: Max Reed
Code: OGC Phone: 395-5688
FAX No. 395-7294

MESSAGE: Comments re E.O.

Please confirm receipt.
Thank you!
L

BY FAX

September 16, 1996

NOTE TO: Mac Reed
Office of General Counsel
OMB

FROM: Sara Najjar-Wilson *SJW*
Office of the General Counsel
NASA

SUBJECT: Proposed Executive Order (EO) Entitled
"Supporting Families: Collecting Delinquent
Child Support Obligations"

While the goals of the subject EO are laudatory and merit support, it is requested that the definitions in Section 2(d) be revised by reconsidering the appropriateness of including "grant" in Section 2(d) (1) and by deleting both "grant" and "contract" from Section 2(d) (2).

The requested revisions are necessary for the following reasons:

- (1) Certain Federal law (e.g., the Chiles Act) defines "Federal financial assistance" to include "grant." It certainly could cause confusion if there were no explanation as to why it is necessary to diverge from this statutory concept.
- (2) "Federal privilege" does not include a contract. Federal contracts are based on consideration; they are not a "benefit" or "privilege" as that term is commonly understood or applied under Federal law. Without more of a nexus, it is unclear how a Federal agency may legally "deny, suspend, terminate, or revoke" (as provided by Section 2(b) (2)) an otherwise proper award or performance of a contract.

Your attention to the above concerns will be greatly appreciated.

Thank you.

TO: Mac Reed
Phone: (202) 395-3563
Fax: (202) 395-7294

FROM: MaryAnn Shebek
Phone: (202) 586-1522
FAX: (202) 586-8685

SUBJECT: Proposed Executive Order Entitled "Supporting Families:
Collecting Delinquent Child Support Obligations"

Comments on the subject executive order are attached for your consideration.

In addition, we have the following general comment:

With respect to government contracts, the Federal Acquisition Regulation and implementing agency regulations address debarment, suspension, and termination. With respect to Federal financial assistance, OMB Circular and the uniform administrative procedures contained in agency regulations address these matters. Any procedures or guidelines developed for, or requirements imposed upon, Federal agencies under Section 2 of the Executive Order should be consistent with the authorities described above. This may necessitate amendment of the FAR and/or revision of OMB guidance and agency regulations.

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

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

- (1) match the payment certification records of such department or agency with records of persons delinquent in child support payments as directed by the Secretary of the Treasury; and
- (2) conduct administrative efforts to collect delinquent child support payments.

(f) The Secretary of the Treasury 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 is delinquent in child support obligations that would assist in the collection of such debt, whether or not an administrative effort is conducted.

Section 2. Denial of Federal Assistance

(a) The Secretary of the Treasury shall, to the extent permitted by law, ensure that information concerning persons subject to administrative offset on account of delinquent child support obligations is made available to the head of each department and agency.

(b) The head of each department and agency shall, with respect to any person who is subject to administrative offset on account of a delinquent child support obligation, promptly:

- (1) implement procedures to deny direct or indirect Federal financial assistance to such person; and
- (2) implement procedures to deny, suspend, terminate, or revoke any Federal privilege granted to, requested by, or for the direct or indirect benefit of any such person.

(c) The Attorney General shall promptly issue guidelines for departments and agencies concerning minimum due process standards to be included in the procedures required by subsection (b).

(d) For purposes of this section:

- (1) Federal financial assistance means any Federal loan (other than a disaster loan), loan guarantee or loan insurance.
- (2) Federal privilege means a Federal grant, license, permit, contract, or other privilege.

? what does this mean?

uniform administrative requirements in agency regulations.

Note: with respect to contract procedures should be used for consistency with the FAR. With respect to financial assistance, procedures could be consistent with guidance in DMBC Guidelines

Note: any procedures developed for contracts should be consistent with FAR Part 49, Termination, and Subpart 9.4, Suspension and Debarment. Also, most agencies have regulations governing the debarment, suspension, and termination of financial assistance awards. See 10 CFR Part 600



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE GENERAL COUNSEL

September 16, 1996

Telefax Transmittal Sheet

TO: Mac Reed, OMB

FAX NO: 395-7294

FROM: Paul Riddle, Division of Legislative Counsel
Phone: (202) 401-6269 Fax: (202) 401-5391

Paul Riddle

TIME: 4:07 pm

PAGES (including this sheet): 2

COMMENTS: In addition to the comments I sent you earlier today, our Office of the Chief Financial Officer has the attached serious concerns with implementation of the draft Executive Order relating to child support enforcement, and would like to discuss them with Treasury staff before the Order is finalized. Can you let me know who that might be?

Thanks.

600 INDEPENDENCE AVE., S.W. WASHINGTON, D.C. 20202-2110

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

[2] From: David Dexter at WDCK01 9/16/96 2:19PM (1885 bytes: 30 ln)

To: Paul Riddle at WDCE04

Subject: Comments on Draft Executive Order Regarding Child Support

----- Message Contents -----

OCFO has reviewed the draft executive order and has the following comments. First, the Debt Collection Improvement Act specifically exempts all student aid payments from administrative offset.

Second, with respect to other payments that ED makes, there most likely would be problems with implementing the requirements of the executive order, especially within the timeframe proposed (i.e., 30 days from the date of the order).

Other payments that ED makes -- aside from student aid -- include payments to contractors, field readers, and bilingual education fellowship recipients. The executive order would require ED to match any payments due to these individuals against a list of individuals past due on child support obligations and offset those payments whenever a match occurred.

The mechanics of performing this kind of match are very complicated and expensive. The match would probably have to meet the requirements of the Computer Matching and Privacy Protection Act. A cost/benefit analysis would have to be done. Notices would have to be published in the Federal Register. Systems changes would have to be made.

I would recommend that appropriate ED staff meet with Treasury staff to discuss the details involved in the executive order before we concur or non concur with the document. I would be happy to participate in such a meeting.



DEPARTMENT OF DEFENSE
OFFICE OF GENERAL COUNSEL
1600 DEFENSE PENTAGON
WASHINGTON, DC 20301-1600



September 16, 1996

MEMORANDUM FOR MR. MAC REED, ASSISTANT GENERAL COUNSEL, OFFICE OF
MANAGEMENT AND BUDGET

FROM: LTC TIM RAEZER, LEGISLATIVE REFERENCE SERVICE,
DEPARTMENT OF DEFENSE AR

SUBJECT: Proposed Executive Order Entitled "Supporting
Families: Collecting Delinquent Child Support
Obligations"

In response to your request, the Department of Defense offers
the following comments.

It is not clear whether administrative offsets described in
section 1 of the proposed Executive order will be applied against
wages of employees or pay and allowances of members. If so, it
seems to duplicate existing procedures for withholding from
compensation for child support. For example, involuntary allotment
and garnishment provisions in title 42, United States Code, have
established due process procedures and limits on the amount of
disposable compensation that may be withheld. For an administrative
offset there is not a statutory limit on the percentage of
compensation that may be offset. We could not support an offset at
a higher percentage than what exists under current law or practice,
that lessens due process protections available to employees or
members under existing law or practice, or otherwise would undermine
military preparedness or readiness or the national security.
Additionally, if the scope of federal financial assistance or
privileges is defined very broadly, it could adversely affect the
administration of education and training programs essential to
maintain sufficient numbers of qualified Service members.

Interestingly, the recent welfare reform legislation
consolidated the involuntary allotment provisions and garnishment
provisions applicable to uniformed service members, presumably to
simplify processing the collection of child support. The Executive
order appears to recreate two systems.

If the proposed administrative offset does extend to pay and
allowances of uniformed service members, the order should
incorporate the due process protections accorded to Service members
in judicial proceedings pursuant to the Soldiers and Sailors Civil
Relief Act.



Comments by
10 am Thurs.

EXECUTIVE ORDER

U.S. GOVERNMENT PRINTING OFFICE

9-25-96
4:00

SUPPORTING FAMILIES:
COLLECTING DELINQUENT CHILD SUPPORT OBLIGATIONS

The Debt Collection Improvement Act of 1996, Pub. L. 104-134, 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 non-tax 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 pay 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, the Federal Government commits some of its resources to supporting our children and strengthening American families by collecting delinquent child support obligations from persons who may be entitled or eligible to receive certain 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, 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 this order, implement procedures necessary to report to the

Secretary of the Treasury information on past due child support claims referred by states) 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 existing on the date of this order, such submissions shall be made within 30 days of the date of this order. 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 pursuant to the procedures and consultation provided by section 1(a)(1) of this order.

(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 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 is delinquent in child support obligations that would assist in the collection of such debt, 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 persons subject to administrative offset on account of delinquent child support obligations is made available to the head of each Executive department and agency.

(b) (1) The head of each Executive department and agency shall, with respect to any person who is subject to administrative offset on account of a delinquent child support obligation, promptly implement procedures to deny Federal financial assistance to such person; and

[(2) To the extent specifically authorized by law, the head of each Executive department and agency shall, with respect to any person who is subject to administrative offset on account of a delinquent child support obligation, promptly implement procedures to deny, suspend, terminate, or revoke any Federal privilege granted to, requested by, or for the benefit of any such person.]

(c) The Attorney General shall promptly issue guidelines for departments and agencies concerning minimum due process standards to be included in the procedures required by subsection (b).

(d) For purposes of this section:

(1) Federal financial assistance means any Federal loan (other than a disaster loan), loan guarantee or loan insurance.

[(2) Federal privilege includes, but is not limited to, a Federal grant, license, or permit; it does not include privileges for which personal identification is not required or is not normally verified.]

(e) (1) The denial, suspension, termination or revocation of any class of Federal financial assistance or privilege shall not apply if the head of the concerned department or agency determines:

(A) in consultation with the Attorney General, that such action:

(i) is prohibited 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, suspension, termination, or revocation of a class of Federal financial assistance or privilege is prohibited by law or should be waived.

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

(1) identify all laws under the jurisdiction of the department or agency that prohibit the denial, suspension, termination or revocation of a class of Federal financial assistance or privilege 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 or privilege 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.

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 by such department or agency 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.

(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.

SUPPORTING FAMILIES:
COLLECTING DELINQUENT CHILD SUPPORT OBLIGATIONS

The Debt Collection Improvement Act of 1996, Pub. L. 104-134, 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 non-tax 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 ^{most} pay 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, the Federal Government ^{takes additional steps} ~~commits some of its~~ resources to supporting our children and strengthening American families by collecting delinquent child-support obligations from persons who may be entitled or eligible to receive certain ^(payments and/or Federal) 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 ^(and in consultation with the Secretary of Health and Human Services and other affected agencies) permitted by law, 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 this order, implement procedures necessary to report to the

Secretary of the Treasury information on past-due child-support claims (including claims enforced by states pursuant to cooperative agreements with referred by states) 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 ^{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 of ~~this order~~. 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 pursuant to the procedures and consultation provided by

subsection (a) (1) of this order. ^{section} issuance of rules, regulations, and procedures pursuant to subsection (a)(2) of this section.

(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 consistent with computer privacy matching laws,

(1) match 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 debt, 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

With respect to classes of payments under means-tested programs existing on the date of this order, such submissions shall be made within 30 days of issuance of rules, and regulations, and procedures pursuant to subsection (a) (1) of this section.

that information concerning ^(individuals whose payments are) persons subject to administrative offset on ^{because} account 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) (1) The head of each Executive department and agency shall, with respect to any ^(individuals whose payments are) person ~~who is~~ subject to administrative offset on ^{because} account of a delinquent child-support obligation, promptly implement procedures to deny Federal financial assistance to such person; and

[(2) To the ^{as determined by the head of the agency} extent ~~specifically~~ authorized by law, the head of each Executive department and agency shall, with respect to any person ^{whose payments are} ~~who is~~ subject to administrative offset ^{because} on account of a delinquent child-support obligation, promptly implement procedures to deny, suspend, terminate, or revoke ^{such} any Federal privilege granted to, requested by, or for the benefit of any such person.]

(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).

(d) For purposes of this section:

(1) Federal financial assistance means any Federal loan (other than a disaster loan), loan guarantee or loan insurance.

[(2) Federal privilege ^{means} ~~includes, but is not limited to~~ a Federal grant, license, or permit; it does not ^{include} privileges for which personal identification is not required or is not normally verified.]

(e) (1) The ^{not be subject to} denial, suspension, termination, or revocation of any class of Federal financial assistance or privilege shall ~~not apply~~ 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 prohibited 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, suspension, termination, or revocation of a class of Federal financial assistance or privilege is prohibited by law or should be waived.

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

(1) ^{review} ~~identify~~ all laws under the jurisdiction of the department or agency that prohibit the denial, suspension, termination, or revocation of a class of Federal financial assistance ^(to individuals) or privilege 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 or privilege 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.

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 ~~by such department or agency~~ 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.

(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.

THE WHITE HOUSE,