

U.S. DEPARTMENT OF THE TREASURY



FROM: OFFICE OF THE FISCAL ASSISTANT SECRETARY

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PAGE 1 OF 8 DATE 3/10/99

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DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C.

February 16, 1999

SECRETARY OF THE TREASURY

MEMORANDUM FOR THE PRESIDENT

FROM: Robert E. Rubin *RE*

SUBJECT: Implementation of Executive Order 13019; Supporting Families:  
Collecting Delinquent Child Support Obligations

Attached is the report, *Implementation of the Provisions of Executive Order 13019 - Supporting Families: Collecting Delinquent Child Support Obligations*. I am pleased to report that significant progress has been made in implementing the provisions of the Executive Order.

The key objective of the Executive Order is to collect delinquent child support obligations through the interception of Federal nontax payments, a process known as "administrative offset." Secretary Shalala and I have established an inter-agency work group, led by senior officials, to oversee and guide the program. This group has worked closely with the states and territories to provide information, encourage voluntary participation, resolve system and programmatic issues, and assist them in referring delinquent child support obligations for offset.

Treasury has been committed to the collection of delinquent child support obligations for many years. Since 1982, Treasury has collected \$9.2 billion in delinquent child support obligations, including over \$1.1 billion in 1998, through the offset of Federal tax refund payments. Since June 1997, when Treasury started offsetting nontax Federal payments to collect delinquent child support, the administrative offset program has experienced steady growth. As of September 1998, collections of child support obligations totaled over \$682,000, and 15 states and territories have referred over \$6.8 billion in delinquent child support debts to Treasury for collection under this program. We expect state participation and collections to grow significantly in 1999.

The Executive Order was issued to protect the health, education, and well-being of the children whose parents fail to meet their child support obligations. We will continue our efforts to work toward full implementation of the provisions of Executive Order 13019 in support of this worthy goal.

Attachment

cc: Honorable Donna E. Shalala

**REPORT TO THE PRESIDENT**

**IMPLEMENTATION OF  
EXECUTIVE ORDER 13019**

***SUPPORTING FAMILIES:  
COLLECTING DELINQUENT  
CHILD SUPPORT OBLIGATIONS***

**September 1996 - September 1998**

**Department of the Treasury  
November 1998**

## REPORT TO THE PRESIDENT

### **IMPLEMENTATION OF THE PROVISIONS OF EXECUTIVE ORDER 13019 - SUPPORTING FAMILIES: COLLECTING DELINQUENT CHILD SUPPORT OBLIGATIONS**

**September 1996 - September 1998**

#### PURPOSE

This report details the progress in implementing the provisions of Executive Order 13019 (September 28, 1996), *Supporting Families: Collecting Delinquent Child Support Obligations*, as required under Section 3(b) of the Executive Order.

#### BACKGROUND

The Debt Collection Improvement Act of 1996 (DCIA), Public Law 104-134 (110 Stat. 1321-358), enacted into law on April 26, 1996 as part of the Omnibus Consolidated Rescissions and Appropriations Act of 1996, included a provision that permitted the offset of certain Federal payments to collect delinquent child support debts being enforced by States and Territories. The Department of the Treasury has been offsetting Federal tax refund payments to collect delinquent child support obligations since 1982.

Executive Order 13019 (September 28, 1996), *Supporting Families: Collecting Delinquent Child Support Obligations*, requires the Secretary of the Treasury (Secretary), in consultation with the Secretary of Health and Human Services, to promptly develop and implement procedures necessary for the Secretary to collect past-due child support debts by administrative offset. Executive Order 13019 also established a Federal policy to deny Federal financial assistance to individuals whose payments are subject to administrative offset because of delinquent child support obligation.

#### KEY RESPONSIBILITIES UNDER THE EXECUTIVE ORDER

**Department of the Treasury (Treasury)** - Treasury's Financial Management Service (FMS) is responsible for developing and managing a centralized offset process to match Federal payments against debts owed to the Federal Government, states, and territories. When a match occurs and a payment recipient who owes a delinquent child support debt is identified, the payment is withheld or reduced (offset) by the amount of the debt (with some restrictions). This centralized process is referred to as administrative offset. Delinquent child support obligations currently are

matched against vendor/miscellaneous payments, and OPM retirement payments, and will be matched against Federal salary payments in the future. The offset of these payments may build upon existing processes already in operation at State Child Support Enforcement agencies. Treasury also matches delinquent child support obligations against Federal tax refund payments under the Treasury Tax Refund Offset Program.

**Department of Health and Human Services (HHS) -** The Office of Child Support Enforcement (OCSE) manages the Child Support Enforcement Program authorized under Title IV-D of the Social Security Act. OCSE is responsible for implementing procedures necessary to report to the Secretary of the Treasury information on past-due child support claims referred to HHS by the States.

**Department of Justice (Justice) -** Justice is responsible for issuing guidance to Federal agencies concerning the minimum due process standards to be followed when Federal agencies deny Federal financial assistance to delinquent child support obligors.

**States -** Child support programs are managed in each of the 50 states, Puerto Rico, the Virgin Islands, Guam, and Washington D.C. Though not specifically mentioned in the Executive Order, States and Territories generally are responsible for collecting delinquent child support claims under Federal and State laws and regulations. States and territories (hereafter referred to as "States") may, but are not required to, participate in administrative offset to collect past due child support. By contrast, States are required to participate in Federal tax refund offset.

#### IMPLEMENTATION STRATEGY AND METHODOLOGY

***Implementation of the Treasury Offset Program -*** The DCIA included provisions for centralizing administrative offset of Federal payments within the Department of the Treasury to collect debts owed to the Federal Government. FMS established the Treasury Offset Program (TOP) to implement the centralized program. The DCIA also authorized the offset of certain Federal payments to collect delinquent child support debts being enforced by States. Delinquent child support obligations are now collected as part of TOP. The inclusion of additional payment streams into TOP in 1999 may increase the potential for recovery of delinquent child support obligations.

***Merger of Tax Refund Offset into TOP -*** Since the 1980's, HHS has referred delinquent child support debt, on behalf of the States, to the Treasury's Internal Revenue Service (IRS) for collection by offset of tax refund payments. Since the program's inception, \$9.2 billion of past due child support has been collected through the offset of tax refund payments. FMS and IRS have entered into an agreement to merge the Tax Refund Offset Program into TOP, effective January 1, 1999. This merger will result in HHS referring past due child support debts to a single Treasury bureau (FMS) for collection by offset from all eligible Federal payments.

***Encouraging State Participation*** - State participation in the administrative offset process under the Executive Order is voluntary. Currently, 15 entities are participating, and have submitted \$6.8 billion in delinquent child support debts. FMS and OCSE have held meetings and discussions with States, and are working cooperatively to encourage States to participate in the program. Through these discussions and meetings, issues that would facilitate State participation have been identified, and desired features are being built into the TOP system. FMS and OCSE will continue to work with the States to promote full participation.

***Addition of Payment Streams Available for Offset*** - A key factor in the decision of States to participate in TOP is the types of payments from which offsets can be taken. Currently, payment streams being offset include Federal civil service retirement, vendor/miscellaneous payments, and some Federal salary payments. FMS expects to incorporate additional payments, including all Federal salary payments and payments by non-Treasury Disbursing Officials, into TOP in the near future. FMS is building the flexibility into TOP that will facilitate additional State participation.

***Denial of Federal Financial Assistance*** - FMS is developing a strategy for ensuring that information concerning individuals whose payments are subject to administrative offset because of delinquent child support obligations is made available to Federal agencies that provide loans (other than disaster loans), loan insurance, or loan guarantees. After the issuance of final guidance by Justice concerning the necessary due process standards for Federal agencies that provide Federal financial assistance, and the increased submission of delinquent child support debts for administrative offset by States, FMS will issue any additional guidance necessary to meet its responsibilities in this area.

#### **INTERAGENCY COOPERATION**

Treasury and HHS established the Joint HHS-Treasury Child Support Work Group to coordinate the activities and implement the provisions of Executive Order 13019. The Work Group, chaired by the Treasury Fiscal Assistant Secretary, meets monthly to define and resolve issues and to evaluate progress in implementing the program.

Treasury and OCSE work together extensively at all levels – management, legal, program, technical, and operational, and in conjunction with Federal, regional office, and State staffs. Efforts include visiting States to understand individual States' abilities to participate in the program, obtaining comments on proposed regulations, and conducting regional and national conferences.

Justice worked with Treasury and HHS to develop guidance for Federal agencies concerning the minimum due process standards to be followed when denying Federal financial assistance.

## ACCOMPLISHMENTS

**State Participation** - As of September 1998, there were 15 entities participating in the administrative offset program, and a total of 761,369 cases submitted, representing \$6.8 billion in delinquent child support debts nationwide. Participating entities are Alaska, Arizona, Connecticut, Illinois, Iowa, Kansas, Massachusetts, Montana, Nebraska, Oklahoma, Oregon, South Dakota, Vermont, the County of Los Angeles (California), and the District of Columbia.

**Offsets Taken During the Reporting Period** - FMS began offsetting payments to collect past due child support debts in June 1997. For the period June 10, 1997 - September 30, 1998, child support administrative offsets totaled \$682,000.

**Guidance for State Participation** - OCSE has issued on-going guidance to the states for participation in administrative offset as of February 1997.

**Regulations** - The interim rule governing the collection of past due support debts by administrative offset was published in the Federal Register on July 7, 1997, and a final rule was published on August 28, 1998. FMS also published, on August 3, 1998, a Notice of Proposed Rulemaking governing the collection of past due support debts through the offset of tax refunds under the TOP. FMS has consulted with, and when applicable, obtained the approval of, IRS and HHS in preparing these rules.

**Denial of Federal Financial Assistance** - Justice has drafted guidance for agencies concerning the minimum due process standards to be followed when denying Federal financial assistance. Once finalized, this guidance will be distributed to all Federal agencies.

## FUTURE PLANS

- FMS and OCSE will continue to work cooperatively to resolve identified issues. This should facilitate additional State participation in the administrative offset program and increasing the number of delinquent child support debts submitted for offset.
- FMS will add additional payment streams into the TOP program, thus increasing collection of delinquent child support debt through administrative offset.
- FMS and IRS will merge the Tax Refund Offset Program and TOP effective January 1, 1999. This, in conjunction with systems enhancements, should result in greater participation by States in TOP and make participation in both programs easier.
- FMS will issue a final rule governing the offset of tax refunds by FMS to collect past due support.
- Justice will issue its guidance to Federal agencies concerning the minimum due process

standards to be followed when denying Federal financial assistance. This will permit establishment of an operational program to deny Federal financial assistance to individuals delinquent on their child support obligations.

### CONCLUSION

The keys to success in implementing the administrative offset provision of Executive Order 13019 are the inclusion of additional payment streams into the offset process and the increased participation of States in the program, which will result in additional opportunities to collect delinquent child support obligations through offset. Treasury and HHS are committed to establishing this program as an effective tool to secure payment of delinquent child support debt, one that will complement the array of enforcement tools otherwise available to State child support enforcement agencies, and are concentrating their efforts toward achieving these key objectives.

Benefit payments which may be offset: The Debt Collection Improvement Act of 1996 (DCIA) authorizes the Secretary of the Treasury to administratively offset certain Federal benefit payments to collect debts owed to the United States. The benefit payments which may be offset under the DCIA include benefit payments made to individuals under the Social Security Act (other than SSI Payments); Part B of the Black Lung Benefits Act; and any law administered by the Railroad Retirement Board (other than tier 2 benefits).

Limitations on the amount which may be offset: Under the DCIA, an amount of \$9,000 per year or \$750 per month that an individual receives in the benefit payments described above is exempt from administrative offset. By regulation, the maximum amount which may be offset is further limited to 15% of the amount of the payment. Greater amounts may be offset, however, from individuals who receive other benefit payments that are not subject to offset.

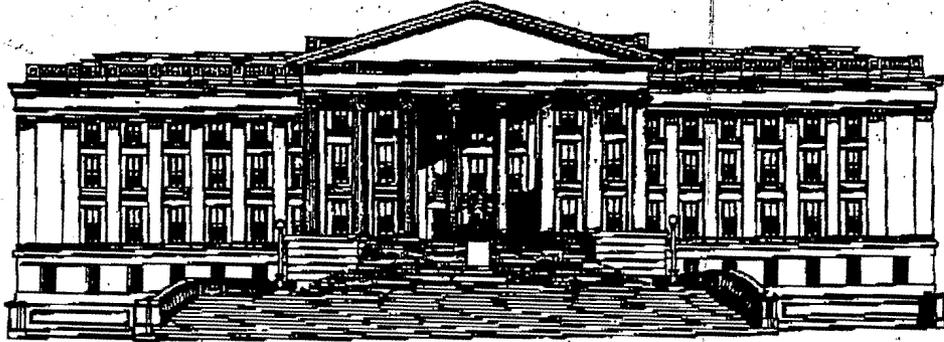
Example: A benefit recipient receives a monthly Social Security payment of \$950. The maximum amount which may be offset from that payment is the lesser of the amount by which the payment exceeds \$750 (\$200) or 15% of the payment (\$142.50). In this example, \$142.50 would be offset.

Child Support: The DCIA authorizes the Secretary of the Treasury to collect debts owed to States, including past-due support being enforced by a State, by administrative offset. The provisions authorizing the offset of the benefit payments described above, however, do not apply to debts owed to States. Thus, under current law, the benefit payments described above may not be offset for the collection of past-due support.

Other Benefit Payments - Certain other Federal benefit payments are exempt from offset for both Federal and state debts, e.g., Veterans benefits.

Treasury

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PAGE 1 OF 2 DATE 6/22/98

*Diana - Let me know if you have any questions.*  
*David*

*Q: - The collections under the Executive Order (the Admin off-set) total a modest \$328,000 since Jan of last yr. These #'s will continue to be modest until our system work is completed, allowing more payments to be added.)*

## TREASURY'S INITIATIVE TO COLLECT PAST-DUE CHILD SUPPORT

The Department of the Treasury has been committed to the collection of delinquent child support obligations for many years. Since 1982, Treasury has collected \$8.2 billion in delinquent child support obligations through the offset of tax refund payments. Collections through tax refund offset increased from \$643 million in 1992, to \$1.1 billion in 1997. In the current year Treasury has already collected over \$1 billion in delinquent child support debt through the tax refund and administrative offset processes, an increase of over \$150 million compared to the same point in time last year. The Department also has a key role in the implementation of Executive Order 13019: *Supporting Families: Collecting Delinquent Child Support Obligations*, which was issued by President Clinton on September 28, 1998.

The key objective of the Executive Order is to collect delinquent child support obligations through the administrative offset of Federal payments. Program responsibility for implementing the Executive Order has been assigned to the Departments of the Treasury and Health and Human Services. Secretary Rubin and Secretary Shalala have established an inter-agency work group, led by senior officials in each agency, to oversee and guide the offset program. This group has worked closely with the states and territories to inform them about the program, encourage their voluntary participation, resolve system and programmatic issues, and assist them in referring delinquent child support obligations for offset.

As of April 2, 1998, there were 15 entities participating in the administrative offset program, and a total of 802,351 cases submitted representing \$6.8 billion of the \$34 billion delinquent child support debts nationwide. Reporting entities include Alaska, Arizona, Connecticut, Illinois, Iowa, Kansas, Massachusetts, Montana, Nebraska, Oklahoma, Oregon, South Dakota, Vermont, the County of Los Angeles (California) and the District of Columbia.

The Executive Order was issued with the intent to protect the health, education and well-being of the children whose parents fail to meet their child support obligations. Treasury and HHS continue to work toward full implementation of the provisions of Executive Order 13019 in support of this worthy goal.

# IRS Withheld \$1.1 Billion In Delinquent Child Support *Money Distributed to Parents and States*

Associated Press

The Internal Revenue Service withheld a record \$1.1 billion in delinquent child support last year, channeling would-be refunds to parents and states.

The collections, up 10 percent from 1995, repay parents who supported their children on their own or, in cases of families collecting welfare, repay the state for supporting the family.

An average of \$857 was collected on behalf of 875,000 families in 1996.

"The Clinton administration is sending a strong message to dead-beat parents that you will not escape supporting your children," Secretary of Health and Human Services Donna E. Shalala said in a statement.

The IRS collections make up about

9 percent of the total \$12 billion in child support collected by federal, state and local agencies in 1996.

Under the program, in place since 1981, states send HHS the names of parents who owe child support, who are then notified that their tax refunds will be withheld if they do not pay.

The IRS withholds a tax refund for welfare families if a parent owes at least \$150. In non-welfare cases, a parent must owe at least \$500 for the refund to be withheld.

In 1995, a total of \$15.3 billion in child support was owed nationwide on current obligations, with \$35 billion in back child support due. That includes only money a court has ordered a parent to pay.

## Agreement Ensures Handgun Checks in Ohio

Associated Press

Ohio Attorney General Betty Montgomery and the Justice Department worked out a deal yesterday to settle a dispute over checking the criminal histories of handgun buyers.

The Franklin County Sheriff's Department in Columbus will be paid to perform Brady Act checks throughout the state.

Montgomery had made the background checks voluntary after the Supreme Court ruled this year that Congress could not require states to conduct the reviews. With the agreement, Arkansas is the only state refusing to check the background of handgun buyers, although some 100 local jurisdictions, mostly with populations of 10,000 or less, have refused to voluntarily conduct the checks.

The Brady Act mandates a five-day waiting period to give local police time to check the backgrounds of people who are buying handguns. The Supreme Court struck down as unconstitutional a provision requir-

ing local police to actually conduct the checks.

"We are greatly relieved that after a six-month interruption, Ohio has rejoined the vast majority of jurisdictions who are using background checks to keep guns out of the hands of criminals," said Sarah Brady, wife of former White House press secretary James Brady, for whom the law was named. "It took many months of negotiations to resume this common-sense measure to protect public safety."

Under the new arrangement in Ohio, the state will still check for criminal histories of handgun buyers who sign a form permitting it, and Franklin County will check on people statewide who refuse to sign the voluntary waiver. As an incentive, those who sign the waiver and clear the background check may pick up their guns in 48 hours, rather than having to wait five days.

The county will be paid \$5 per background check.

"Our two-day check will continue

to cover the majority of handgun purchasers who agree to a background check, while this federal-state-local cooperative agreement will check the backgrounds of the remaining 5 to 10 percent," Montgomery said.

U.S. Attorney General Janet Reno said in a statement the agreement with Ohio "recognizes that background checks are an important part of effective law enforcement. Ohio's 100 percent background check coverage will protect public safety and assist our efforts to curb violent crime."

Justice Department officials are talking with Arkansas officials to encourage them to agree to voluntarily make the checks, Deputy U.S. Attorney General Eric H. Holder said.

Since the Brady Act was enacted in 1993, some 250,000 people, mostly convicted felons, have been denied permission to buy handguns. About 1,000 were in Ohio.

# The Washington Post

FRIDAY, DECEMBER 19, 1997

# New York's Richest Get Richer, Poorest Poorer

By Blaine Harden  
Washington Post Staff Writer

NEW YORK, Dec. 18—Mayor Rudolph W. Giuliani's vaunted miracle of a safe, clean and prosperous New York City has a gaping hole in it.

Two studies of U.S. Census Bureau data show that the city's middle class, especially the black middle class, is shrinking. At the same time, the studies found a rapidly widening gap between the rich and the poor.

In the past two decades, the earnings disparity between the rich and the middle class has grown faster in New York than in any other state, according to an analysis released this week by the Washington-based Center on Budget and Policy Priorities. The gap that shows up in New York state is heavily influenced by high salaries paid in the city, according to the study's authors.

In only one other state has the gulf between the rich and the poor grown faster in the past 20 years, according to the study. It is Connecticut, whose southern suburbs are home to many of New York City's richest brokers, investment bankers and corporate executives.

Similarly, a study this week by the New York City Council, entitled "Hollow in the Middle," found that in the past two decades rich and poor families have been increasing as a percentage of the city's population, while the percentage of middle-class families has declined.

Two words explain the reason that the rich are racing away from every one else in the city: Wall Street.

The city's financial service sector is ringing up another record year, with pretax profits predicted at a record \$12 billion (following the record \$11.3 billion last year), with million-dollar-plus bonuses again expected in major trading houses such as Goldman Sachs and with the city's tax base becoming ever more dependent on a relatively small, but phenomenally wealthy slice of the population.

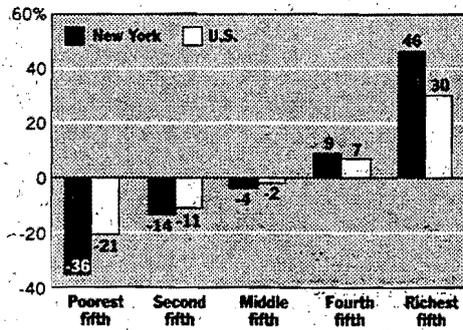
Wall Street accounts for just 4.5 percent of the employment in New York, but generates 17 percent of the city's personal income tax revenue. City budget analysts say most of a projected budget surplus of about \$1.2 billion is based on record receipts of corporate and income taxes paid on Wall Street.

"We are becoming very concerned that the city is just too dependent on Wall Street," said Peter F. Vallone, a Democrat from Queens who is speaker of the City Council and who requested his staff to do the study.

## INCOME GAP WIDENS

New Yorkers with incomes in the top fifth make nearly 20 times more than those in the bottom fifth—the largest gap of any state. Since the late '70s, as the rich have gotten richer and the poor poorer, the disparity in real income grew 127 percent, twice as fast as the U.S. total.

Change in family income, late '70s to mid-'90s



NOTE: The gap between rich and poor is understated, since the census data on which the study is based count income over \$100,000 from any one job as only \$100,000, and because capital gains income is not included as earnings. "Late '70s" reflects data from 1978-80; "mid-'90s" is 1994-96.

SOURCE: Center on Budget and Policy Priorities

	Poorest fifth	Richest fifth	Ratio
<b>Biggest gaps:</b>			
New York	\$6,787	\$132,390	19.5
Louisiana	6,430	102,339	15.9
New Mexico	6,408	91,741	14.3
Arizona	7,273	103,392	14.2
Connecticut	10,415	147,594	14.2
<b>Smallest gaps:</b>			
Iowa	13,148	104,253	7.9
Wisconsin	13,398	103,551	7.7
Vermont	13,107	97,898	7.5
North Dakota	12,424	91,041	7.3
Utah	15,709	110,938	7.1
<b>Local numbers:</b>			
D.C.	5,293	149,508	28.2
Maryland	13,346	147,971	11.1
Virginia	10,816	116,202	10.7
<b>Total U.S.</b>	<b>9,254</b>	<b>117,499</b>	<b>12.7</b>

THE WASHINGTON POST

In this city of 7.4 million people, only about 163,000 people work on Wall Street. Ominously, in the midst of Wall Street's longest-ever boom, overall unemployment in New York City continues to hover around 9 percent, nearly double the national average.

As compared with all 50 states, the District of Columbia had by far the largest income gap between rich and poor, according to the study by the Center on Budget and Policy Priorities. The average income of the bottom fifth of families in the District was \$5,293 a year, while the top fifth made \$149,508. But that figure, according to Elizabeth McNichol of the center, reflects the "high poverty rate of an urban center" and is likely to be found in many American cities.

The center's study found that the income gap between the top fifth of New York state families and the bottom fifth of families grew by 127 percent since the 1970s.

Economic gains made by the black middle class during the boom years of the 1980s in New York City were "wiped out" by recession and slow recovery this decade, according to the City Council study. It found that the percentage of middle-class black households in the city fell from 31 percent in 1989 to 22 percent last year. The decline coincided with the elimination of about 60,000 city government jobs since 1991.

"Public employment has always been a route into the middle class for minority New Yorkers," said John Mollenkopf, a co-author of the City Council study and director of the City University of New York Center for Urban Research. "I attribute a lot of the loss in the black middle class to contraction of government employment."

"As for why the entire New York City middle class was smaller in 1996 than in 1989, Mollenkopf said one of the reasons is a merger-driven consolidation of banking and brokerage jobs on Wall Street, with fewer professionals holding down the best jobs, but with those jobs paying far more than ever before.

One of the most notable findings in the City Council's study was the success of native-born white men in hanging on to most of the very highest paying jobs in New York City. Outside of the lucrative cluster of jobs in banking, management and Wall Street, the study shows that native-born white men have lost ground in the city's labor force to blacks, Latinos, Asians, women and the foreign-born.

"Considering how white males have declined in the population as a whole, their hold on the best jobs has persisted," said Mollenkopf.

The percentage of whites in New York has fallen from 43 percent in 1990 to 38 percent last year. But

Mollenkopf writes that native-born white men have been able to hang on to 57 percent of the "highly remunerative" jobs, down from 67 percent in 1980.

Since Giuliani was first elected in 1993, the Republican mayor has been given credit by voters for a remarkable transformation in the livability of the city. New York has become the safest big city in the country. It is noticeably cleaner and tourism is setting new records.

But the apparent decline of the middle class, said City Council Speaker Vallone, "is an alarm going off."

"In New York, there has always been a ladder you could climb to get a good education, own a home and get a good job," Vallone said. "I just can't imagine what would happen to us if we would let the middle class disappear."

### CORRECTION

A chart accompanying the Trendlines column in yesterday's Business section misstated the initial deposit that would be required for each American at birth to finance a self-sustaining Social Security system. It should have said \$6,294.

The Washington Post

FRIDAY, DECEMBER 19, 1997



*White House Virtual Library*

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## White House Press Release

### Executive Order

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The White House

Office of the Press Secretary

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For Immediate Release

September 28, 1996

#### Executive Order

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#### **Supporting Families: Collecting Delinquent Child Support Obligations**

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

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

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

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

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

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

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(c) The head of each executive department and agency that certifies payments to the Secretary or to another disbursing official shall review each class of payments that the department or agency certifies to determine if any such class should be exempt from offset and, if any class is so identified, submit to the Secretary a request for such an exemption together with the reasons therefor. With respect to classes of payments under means-tested programs existing on the date of this order, such submission shall be made within 30 days of the date of this order. With respect to classes of payments other than payments under means-tested programs existing on the date of this order, such submissions shall be made within 30 days of the date the Secretary establishes standards pursuant to section 3716(c)(3) of title 31, United States Code. With respect to a class of payments established after the date of this order, such submissions shall be made not later than 30 days after such class is established.

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

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

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

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

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

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

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

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

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

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(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 of this order.

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

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

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

William J. Clinton

The White House,

September 28, 1996.

# # #



DEPARTMENT OF HEALTH & HUMAN SERVICES

**Melissa T. Skolfield**

Assistant Secretary for Public Affairs

Phone: (202) 690-7850

Fax: (202) 690-5673

To: Cynthia Rice  
DPC

Fax: 456-7431 Phone: \_\_\_\_\_

Date: 5/23/97 Total number of pages sent: 2

Comments:

Cyn - If you're going to let Treasury do this, we should do our report the same day. Let me know.

m.

[m.]

Ben Mye

**FOR IMMEDIATE RELEASE**

**Contacts:** Jim Hagedorn, FMS 202-874-6604  
David Siegel, HHS 202-401-9373

Treasury Secretary Rubin announced Thursday a new federal-state partnership aimed at collecting as much as \$35 million a month from parents who fail to pay their child support. The Debt Collection Improvement Act (DCIA) of 1996 signed into law by President Clinton ~~on X~~ allows the federal government to work with states to collect delinquent non-tax debts owed to the federal government.

*enacted in April 1996*

In September 1996, President Clinton issued an executive order directing Treasury and the Department of Health and Human Services (HHS) to use administrative offsets to collect delinquent child support debts. Under this program, the Treasury can intercept certain federal employee salary, retirement, vendor and miscellaneous payments in order to satisfy delinquent debts owed to millions of children. More than 4.6 million delinquent child support debts have already been referred to HHS' Federal Office of Child Support Enforcement. A separate program allowing the withholding of federal tax refunds for the same purpose collected nearly \$1 billion last year alone. The 1996 executive order also denies federal financial assistance to persons subject to administrative offset who owe delinquent child support payments.

This week, officials mailed over one-half million notices to delinquent parents who owe child support in the State of California. In addition, Arizona, Connecticut, Kansas, Massachusetts, South Dakota, and the District of Columbia have also initiated steps to recover delinquent child support payments. Treasury's Financial Management Service, which disburses most federal payments, works with states to cross-check federal payment recipients with debtors. HHS and the states then send due process notices to delinquent debtors in these states advising them of impending collection against their federal tax refund, federal salary or other payments. Treasury and HHS are working with the remaining states to establish technical requirements necessary to include every state by the beginning of 1998, when the federal tax offset program, in which every state participates, will merge with the new administrative offset program.

Later this year, Treasury and HHS will begin an extensive public education campaign to publicize the government's improved debt collection capabilities under the 1996 Debt Collection Improvement Act and, with the Ad Council, to encourage delinquent parents to act responsibly by paying the child support they owe immediately.

**IRS:** On June 3, Deputy Secretary Summers spoke to the American Institute of Certified Public Accountants about the Administration's views on IRS reform. On June 5, the IRS Commission voted on its final recommendations. On June 25, the Commission is expected to announce these recommendations. The Commission is expected to recommend the establishment of an independent board of directors to oversee the IRS within Treasury. On June 4, Deputy Secretary Summers and General Counsel Knight met with Representative Coyne.

**Church Arsons:** In anticipation of the anniversary of your June 8, 1996 radio address on church arsons and national reconciliation, the National Church Arson Task Force will issue its first year report on June 8 describing national efforts to identify and prosecute arsonists, rebuild burned houses of worship and prevent additional fires.

**New \$50 Bill:** On June 12, Secretary Rubin will unveil the new design for the \$50 bill. The new design will include features to assist the visually impaired in identifying the bill. Treasury has done extensive outreach to groups representing the disabled, ensuring their input is included in the redesign.

**District of Columbia:** On June 2, Treasury released a report on the environmental effects of closing Pennsylvania Avenue to vehicular traffic. The closing was ordered by Secretary Rubin based on recommendations of the White House Security Review. The assessment was published for a thirty day public comment period. On June 3, Speaker Gingrich called for the Avenue to be reopened to most traffic and Representative Norton has a proposal to allow tour buses access to the Avenue. This week, Representative Davis' subcommittee marked up the Administration's draft D.C. legislation. On June 2, Principal Deputy Assistant Secretary Thompson met with OMB and GSA to discuss project feasibility and other issues relating to the D.C. Convention Center financing. During the week of June 9, Treasury officials will meet with the Convention Center Authority and OMB to discuss the Authority's request that the Federal Government provide approximately \$160 million in credit enhancements to assist the construction of the new center.

**Internet Access:** In response to your memorandum requiring all agencies to expand access to Internet-based educational resources, Treasury has developed a web page for kids. This education resource, with mascot 'Trez' the cat, provides information about the goals and programs within Treasury, with electronic links to Bureau web sites. The web site is also being reviewed by an elementary school principal and group of children. As a result of the positive feedback, public release of this site is expected by the end of June.

**Child Support:** On May 27, the Financial Management Service (FMS) began offsetting federal payments to help States collect past-due child support monies. FMS is now offsetting payments on behalf of AZ, KS, SD, CT and D.C. Offsets for other States will begin soon and by 1998, FMS will offset federal payments on behalf of all 50 States.

Ben Mye

Want to give to USA Today

# cases

amount of cases

Kohl + Haiger to send Dem Colleagues

- Letter

- Fact sheet

- Tax Refund Offset program stuff

may have been sent out Fri-

~~HHIS-DOJ-Treasury~~

mtg on child support

\$1.5 HHIS

500-600K Treasury

PSAs

April 16, 1997

MEMORANDUM FOR: MELISSA SKOLFIELD  
FROM: CYNTHIA RICE  
SUBJECT: CHILD SUPPORT INFO FROM TREASURY, DOJ

Attached is the information I got from Treasury and DOJ:

Treasury: The President signed an Executive Order on September 28, 1996, directing the Secretary of the Treasury, in consultation with the Secretary of HHS and other affected agencies, to collect past due child support by seizing federal payments to delinquent parents. Last week, Treasury sent its first notices to 123,000 people (I'm checking to make sure all were delinquent parents--authority also exists to collect from people who default on student loans or otherwise owe the federal government money) in 3 states and the District of Columbia. Treasury wants a big event or at least a Rubin-Shalala White House press corps briefing but also thinks the timeliness of the first notices should be capitalized upon. Contact at Treasury: Ben Nye 622-2735.

DOJ: On July 21, 1996, the President directed the Attorney General "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." The bill would make it a felony offense to 1) travel in interstate or foreign commerce with the intent to evade a support obligation that is greater than \$5,000 or has remained unpaid for longer than one year; 2) willfully fail to pay a support obligation regarding a child residing in another state if the obligation has remained unpaid for two years or is greater than \$10,000. DOJ sent language to the Hill during the 104th Congress; they now have a slightly revised version to send up this Congress. DOJ has been holding language at our request. DOJ is consulting with their leg affairs staff about their views on our media strategy. Contact at DOJ: Debra Cohn, 514-3052.

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 Offsets.

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

(2) The Secretary may enter into reciprocal agreements with states concerning the collection by the Secretary of delinquent child-support

debts through administrative offsets.

(b) The Secretary of Health and Human Services shall, within 120 days of 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 submissions shall be made within 30 days of issuance of rules, regulations, and procedures pursuant to subsection (a)(1) of this section. 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 issuance of rules, regulations, and procedures pursuant to subsection (a)(1) of this section. 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 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:

(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 the individuals.

(b) 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 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, 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, suspension, termination, or revocation 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 is prohibited 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 prohibit the denial, suspension, termination or revocation of a class of Federal financial assistance to individuals 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,

**DELINQUENT CHILD SUPPORT OFFSET PROGRAM  
DEBT MANAGEMENT SERVICES  
WORK PLAN  
APRIL 1997**

**PROJECT OVERVIEW**

*Purpose of Plan*

The purpose of this plan is to describe the approach to include State delinquent child support data in the Financial Management Service's (FMS) Treasury Offset Program for the purposes of offsetting Federal payments.

This plan identifies the activities and milestones necessary for successful implementation and describes the coordination of tasks and actions involved in the project.

*Project Introduction*

The Debt Collection Improvement Act of 1996 is having a major impact on the way the Federal government makes payments and collects its debts. In addition to Federal debts, the Act permits the offset of legally enforceable state debts under certain circumstances.

On September 28, 1996, the President signed Executive Order 13019, "Supporting Families: Collecting Delinquent Child Support Obligations". The Order further defines the responsibilities and actions to be taken by the Federal government to assist families in collecting past-due child support obligations. This includes giving the Secretary of the Treasury the authority to collect delinquent child support.

In compliance with the Act and the Executive Order, FMS administers a mandatory government-wide administrative offset program, the Treasury Offset Program (TOP). It is a centralized delinquent debt matching and payment offset system which will accommodate the offset of payments for the collection of delinquent child support for the States.

Currently, the Office of Child Support Enforcement (OCSE), of the Administration for Children and Families (ACF), Department of Health and Human Services (HHS), collects delinquent child support data from States and refers it to the Internal Revenue Service (IRS) for the offset of Federal tax refunds. However,

under the Executive Order, the Secretary of HHS will report information on delinquent child support to the Treasury for administrative offset.

***Project Objective***

The objective of this project is to increase the collection of delinquent child support debt. This is accomplished through the inclusion of delinquent child support data from State agencies into the TOP's National Interactive Delinquent Debtor Database for the offsetting of Federal payments.

**PROJECT MILESTONES**

***Project Approach***

OCSE and FMS are working with the States to implement the Executive Order. This project will be accomplished by bringing in the child support debts of the States on an incremental basis. It is not expected that all States will commit to an immediate implementation. The plan will reflect changes in the States' implementation schedule.

***Roles and Responsibilities***

Although OCSE and FMS are working in partnership in getting State participation, each has its own program responsibilities. OCSE is responsible for getting State debts into TOP and FMS is responsible for getting the payments into TOP.

***Components***

There are four major components that will be completed to ensure all debts are in the debtor database and payments are processed through TOP. These include Regulatory, Administrative, Program, and System Requirements.

***Milestones***

This plan outlines the responsibilities and milestones necessary for the inclusion of delinquent child support by the States in TOP and will be updated during the course of the project. The focus of this project plan is the process for the inclusion of delinquent child support debt into TOP. This plan supplements the overall TOP implementation plan.

<u>Milestone</u>	<u>Responsibility</u>	<u>Date Due</u>
<b>I. Regulatory Requirements</b>		
A. Draft Interim Regulations	FMS	January 10
B. Review Draft	FMS	February 21
	OCSE	February 21
C. Meet with OCSE/IRS	FMS	February 24
D. Revise Draft	FMS	February 28
E. Review/Process through Chief Counsel	FMS	March 21
F. Review by Commissioner	FMS	March 31
G. Review by FAS	FAS	April 18
(Fiscal Assistant Secretary) H. Submit for Publication <i>OMB involvement</i>	FAS	April 30
<b>II. Administrative Requirements</b>		
A. Establish OCSE/FMS Workgroup	OCSE/FMS	January 14
B. Establish OCSE/FMS/State Workgroup	OCSE/FMS	February 7
C. Issue Notice of Alteration of Privacy Act System of Records	FMS	Feb/Mar
D. Comply with Paperwork Reduction Act	FMS	April
	OCSE	May
E. Develop Action Transmittal for Full Implementation	OCSE	May 30 April
<b>III. Program Requirements</b>		
A. Develop Due Process Notice		
1. Develop Language	OCSE/FMS	March 20
B. Print Notices		
Kansas	OCSE	April 4
Arizona	OCSE	April 4
South Dakota	OCSE	April 4
District of Columbia	D.C.	April 15
C. Mail Notices		
Kansas	OCSE	April 7
Arizona	OCSE	April 7
South Dakota	OCSE	April 7
District of Columbia	D.C.	April 15

*Write to FAS*

*DATA Specifications*

*23*

*Congressional  
Letter*

D. OCSE Submits Certified File to Begin Offsets

- Kansas
- Arizona
- South Dakota
- District of Columbia

FMS	May 8
FMS	May 8
FMS	May 8
FMS	May 16

IV. System Requirements

- A. Develop Data Conversion Program and Specifications
- B. Develop Design of TOP/FMS Process - 98
- C. Test Data Conversion Process - 97
- D. Develop Offset/Collection Program and Specification - 98
- E. Test Offset/Collection Program - 97
- F. Establish/Test Connect Direct Link - 97
- G. Execute Data Conversion Process
- H. Send Debtor Records tot FMS
- I. Send Agency Contact Addresses to FMS
- J. Process FMS Unprocessable Records - 97
- K. Execute Offset/Collection File to States- 97
- L. Send Weekly Update Records to FMS - 97

OCSE	January 30
FMS	April 29
OCSE/FMS	April 7
FMS	April 29
OCSE/FMS	April 7
OCSE/FMS	February 28
OCSE	March
OCSE/FMS	February 26
OCSE	March 29
OCSE/FMS	April 14
OCSE/FMS	April 14
OCSE/FMS	April 14

V. Multimedia Awareness Campaign for the Collection of Child Support Debts

**Implementation of Executive Order 13019  
Treasury/HHS Schedule of Events**

<u>Activity</u>	<u>Date</u>	<u>Location</u>
Project Manager Meets with OCSE Project Team	December 13	OCSE
Senior Treasury/HHS Management Meet at Treasury Dept'l Offices	December 20	Treasury
Treasury/HHS Management Meet with Project Work Group	January 14	OCSE
HHS Conference Calls with States OCSE/FMS cohosts	January 27 - 31	
HHS Meeting with IV-D Directors OCSE hosts	February 2 - 6	Washington, D.C.
National Task Force Implementation Meeting with States OCSE/FMS cohosts	February 25 - 26	Alexandria, VA
HHS Conference Call with States March Implementation OCSE/FMS cohosts	March 11	
HHS Conference Call with States No Scheduled Implementation OCSE/FMS cohosts	March 20	
FMS TOP Workshop for Agencies	April 29	Crystal City, VA
ERICSA: Presentation on DCIA/TOP State Implementation	May 4 - 8	Buffalo, NY
FMS Annual Conference: Presentation on DCIA/TOP/Implementation	August 20 - 22	Bethesda, MD
NCSEA: Presentation on DCIA/TOP State Implementation	August 24 - 28	Phoenix, AZ

Treasury

Implementation of Executive Order 13019  
State Implementation Schedule

<u>State</u>	<u>Due Process Notice</u> <u>Mailed</u>	<u>Offsets</u> <u>Begin</u>	<u>Volume</u>
Kansas	April 7	May 8	51,621
Arizona	April 7	May 8	49,329
South Dakota	April 7	May 8	12,500
District of Columbia	April 15	May 16	10,000
West Virginia			
Connecticut			
Vermont			
New Hampshire			
New Jersey			
New York			
Delaware			
Maryland			
Pennsylvania			
Florida			
Georgia			
Kentucky			
North Carolina			
South Carolina			
Indiana			
Ohio			
Wisconsin			
Arkansas			
Minnesota			
Wyoming			
Idaho			
Louisiana			
New Mexico			
Missouri			
Colorado			
Montana			
North Dakota			
Hawaii			
Washington			
Oregon			
Nevada			
Rhode Island			
Virginia			

**Implementation of Executive Order 13019  
State Implementation Schedule**

<u>State</u>	<u>Due Process Notice Mailed</u>	<u>Offsets Begin</u>	<u>Volume</u>
Tennessee			
Illinois			
Iowa			
Oklahoma			
Maine			
Massachusetts			
Mississippi			
Michigan			
Texas			
Nebraska			
Alaska			
Alabama			
Utah			
California			
Virgin Islands			
Puerto Rico			
Guam			
Mariana Islands			

CSE RECEIVABLES UNIT  
P.O. BOX 2637  
TOPEKA, KS 66601-2637

CHILD SUPPORT ENFORCEMENT UNIT  
CSE RECEIVABLES UNIT  
P.O. BOX 2637  
TOPEKA, KS 66601-2637  
PHONE(S): (913) 296-3381

MARCH 24, 1997

\*\* CONTACT ADDRESS ABOVE \*\*

MR AND/OR MS [REDACTED]

SSN

CASE NUMBER

LOCAL ID

PAST DUE AMOUNT CLAIMED

001

\$8,993 ( AFDC )

THE AGENCY IDENTIFIED ABOVE HAS DETERMINED THAT YOU OWE PAST-DUE CHILD AND/OR SPOUSAL SUPPORT. OUR RECORDS SHOW THAT YOU OWE AT LEAST THE AMOUNT SHOWN ABOVE. IF THIS AMOUNT IS NOT PAID IN FULL WITHIN 30 DAYS FROM THE DATE OF THIS NOTICE, IT WILL BE REFERRED TO THE UNITED STATES DEPARTMENT OF THE TREASURY FOR COLLECTION BY ADMINISTRATIVE OFFSET AND FEDERAL TAX REFUND OFFSET. UNDER ADMINISTRATIVE OFFSET (31 U.S.C. SEC 3716), CERTAIN FEDERAL PAYMENTS WHICH MIGHT OTHERWISE BE PAID TO YOU WILL BE INTERCEPTED, EITHER IN WHOLE OR IN PART, TO PAY PAST-DUE CHILD SUPPORT AND/OR SPOUSAL SUPPORT. UNDER FEDERAL TAX REFUND OFFSET (42 U.S.C SEC 664; 26 U.S.C. SEC 6402) ANY FEDERAL INCOME TAX REFUND TO WHICH YOU MAY BE ENTITLED WILL BE INTERCEPTED TO SATISFY YOUR DEBT.

EFFECTIVE OCTOBER 1, 1997, IF YOU OWE ARREARAGES OF CHILD SUPPORT IN AN AMOUNT EXCEEDING \$5,000. AS CERTIFIED BY THE AGENCY IDENTIFIED ABOVE, THE SECRETARY OF STATE WILL REFUSE TO ISSUE A PASSPORT TO YOU, AND MAY REVOKE, RESTRICT OR LIMIT A PASSPORT WHICH WAS PREVIOUSLY ISSUED. THE AMOUNT OF YOUR PAST-DUE SUPPORT WILL ALSO BE REPORTED TO CONSUMER REPORTING AGENCIES.

IF YOU HAVE PREVIOUSLY BEEN NOTIFIED THAT YOUR DEBT WAS BEING REFERRED TO THE INTERNAL REVENUE SERVICE FOR COLLECTION, THIS NOTICE IS TO INFORM YOU THAT IF YOUR DEBT IS NOT PAID WITHIN 30 DAYS FROM THE DATE OF THIS NOTICE IT WILL ALSO BE SUBJECT TO COLLECTION BY ADMINISTRATIVE OFFSET. YOUR DEBT WILL REMAIN SUBJECT TO COLLECTION BY FEDERAL TAX REFUND OFFSET AND/OR ADMINISTRATIVE OFFSET UNTIL IT IS PAID IN FULL. THIS MEANS THAT FEDERAL TAX REFUNDS AND CERTAIN OTHER FEDERAL PAYMENTS DUE TO YOU NOW OR IN THE FUTURE WILL BE OFFSET WITHOUT FURTHER PRIOR NOTICE.

YOU HAVE A RIGHT TO CONTEST OUR DETERMINATION THAT THIS AMOUNT OF PAST-DUE SUPPORT IS DUE, AND YOU MAY REQUEST AN ADMINISTRATIVE REVIEW. TO REQUEST AN ADMINISTRATIVE REVIEW YOU MUST CONTACT US NO LATER THAN APRIL 24, 1997 AT THE ADDRESS OR PHONE NUMBER LISTED ABOVE. IF YOUR SUPPORT ORDER WAS NOT ISSUED IN OUR STATE, WE CAN CONDUCT THE REVIEW OR, IF YOU PREFER, THE REVIEW CAN BE CONDUCTED IN THE STATE WHICH ISSUED THE SUPPORT ORDER.

SSN: [REDACTED]

IF YOU REQUEST, WE WILL CONTACT THAT STATE WITHIN 10 DAYS AFTER WE RECEIVE YOUR REQUEST AND YOU WILL BE NOTIFIED OF THE TIME AND PLACE OF YOUR ADMINISTRATIVE REVIEW BY THE STATE WHICH ISSUED THE ORDER. ALL REQUESTS FOR ADMINISTRATIVE REVIEW MUST BE MADE BY CONTACTING THE AGENCY IDENTIFIED ABOVE.

IF YOU ARE MARRIED, FILING A JOINT INCOME TAX RETURN, AND YOU INCURRED THIS DEBT SEPARATELY FROM YOUR SPOUSE, WHO HAS NO LEGAL RESPONSIBILITY FOR THE DEBT AND WHO HAS INCOME AND WITHHOLDING AND/OR ESTIMATED TAX PAYMENTS, HE OR SHE MAY BE ENTITLED TO RECEIVE HIS OR HER PORTION OF ANY JOINT FEDERAL TAX REFUND. IF YOUR SPOUSE MEETS THIS CRITERIA HE OR SHE MAY RECEIVE HIS OR HER PORTION OF THE JOINT REFUND BY FILING A FORM 8379 - INJURED SPOUSE CLAIM AND ALLOCATION. FORM 8379 SHOULD BE ATTACHED TO THE TOP OF THE FORM 1040 OR 1040A WHEN YOU FILE, OR BE FILED ACCORDING TO OTHER INSTRUCTIONS AS INDICATED ON THE FORM 8379.

IMPORTANT: IF YOU OWE CURRENT SUPPORT AND YOU FAIL TO PAY YOUR OBLIGATION IN FULL AND ON TIME, ANY ARREARS ACCRUING DUE TO PAYMENTS MISSED AFTER THE DATE OF THIS NOTICE MAY BE ADDED TO YOUR DEBT AND WILL BE SUBJECT TO COLLECTION BY ADMINISTRATIVE OFFSET AND FEDERAL TAX REFUND OFFSET WITHOUT FURTHER NOTICE. TO DETERMINE ADDITIONAL AMOUNTS OWED AFTER THE DATE OF THIS NOTICE, OR THE TOTAL AMOUNT PAST-DUE WHICH THE AGENCY HAS SUBMITTED FOR COLLECTION, YOU MAY CONTACT US AT THE ADDRESS OR PHONE NUMBER LISTED ABOVE.

# Questions

## States

- > Kansas
- Arizona
- South Dakota
- D.C.

How many letters went out? 123,450

When did they go out? April 7<sup>th</sup>  
1<sup>st</sup>

When were they done for  
all 50 states?

↓  
were all these for child support  
debts or could be otherwise?

Ben Nye | 622-2735

4/15

Signed in August

Debt collection improvement Act

Allows to offset eligible

Now have auth

people who owe gov't \$

Past due

offset tax returns

Salary

etc.

Rank order

1) delinquent parent

100% tax return + custodial parent → getting state assistance

65% salary #1 none offset

2) then student loan

3) CSE

Match database of deadbeat parents  
to federal payments (FMS)

4 states + D.C. on board

several hundred thousand  
people have been notified

~~but now +~~

→ adding types of federal  
payments to database

→ salaries by Oct.

→

Timely = first notices have gone out

Aug signed law

Sept 28th 1996  
1 EO - ~~XXXXXXXXXX~~

→ 4 states now

→ want more movement

→

(2)

\$1m Media campaign  
+ \$1.5

---

\$

Newsworthy ~~area~~ for President

—  
Last year IRS tax returns \$1.2 Billion

---

First notices mailed just last week

---

Interview w/ Thoughtful reporter  
→ Talk about innovative proposal

How to break through

→ First Lady or VP

→ Shalala - Rubin - Rod

→ white house press ~~pool~~  
pool

Melissa to be author

---

→ 000,00