



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

July 27, 2009

The President
The White House
Washington, DC 20500

Dear Mr. President:

Through this letter, I am pleased to provide the Department of the Treasury's annual report of compliance with Executive Order 13019 – *Supporting Families: Collecting Delinquent Child Support Obligations*. In fiscal year 2008, Treasury continued to collect substantial amounts of delinquent child support debts through its Treasury Offset Program (TOP).

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

In fiscal year 2008, Treasury collected \$2.82 billion in delinquent child support debts through offsets. This amount included \$1.98 billion from tax refund offsets, \$833 million from economic stimulus offsets, and \$4.6 million from offsets of non-tax payments. Since 1996, more than \$18 billion has been collected through TOP from more than 19 million offsets to assist in the collection of past-due support owed to children and families.

The Deficit Reduction Act of 2005, Public Law 109-171 (DRA), changed the legal priority for applying collections from tax refunds when a debtor has more than one type of debt in TOP. Prior to the effective date of October 1, 2008, amounts offset from tax refunds were applied first to child support debts assigned to a state under the Temporary Assistance for Needy Families (TANF) program, second to federal non-tax debts, and then to non-TANF child support debts. As of October 1, 2008, all child support debts have first priority.

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

Sincerely,



Timothy F. Geithner

cc: The Honorable Kathleen Sebelius