

DSS

Serving Children and Families

V. SUSAN ALFORD
STATE DIRECTOR

NIKKI R. HALEY
GOVERNOR

August 31, 2016

Dear Members of the General Assembly:

Pursuant to the requirements of Proviso 38.17, the South Carolina Department of Social Services submits the attached status report on the Child Support Enforcement System. The Department is appreciative of the continuing support provided by the General Assembly for this crucial project.

If you have any questions regarding the enclosed status report or need additional information, please contact Karen Wingo, Director of Communications and Legislative Affairs, at (803) 898-8030.

Sincerely,



V. Susan Alford
State Director

Enclosure

Department of Social Services
Response to Budget Proviso 38.17

H. 3701

General Appropriations Bill for Fiscal Year 2015-2016

PART IB

August, 2016

Budget Proviso Language

38.17. *(DSS: Child Support Enforcement System) From the funds appropriated in Part IA, Section 38(F), the Department of Social Services shall prepare a detailed report on the status of the Child Support Enforcement System. The report shall include, but not be limited to, actions currently being undertaken to become compliant with federal government requirements; the cost required to meet minimum federal guidelines; total funds spent so far on the system; the amount of fines assessed by the federal government associated with noncompliance; how much has been spent to satisfy actions taken by the state judicial system; and how much has been spent related to actions taken by any other entity which may have altered the amount required for meeting minimum federal guidelines. The report shall be submitted to the General Assembly by August thirty-first of the current fiscal year.*

1. What actions are currently being undertaken to become compliant with federal government requirements?

As part of the contract settlement with Hewlett Packard (HP) in January of 2015, the contract to deliver a federally compliant Child Support System was transferred to Xerox Corporation. As this contract requires federal approval, the SC Department of Social Services (DSS) worked with the federal Office of Child Support Enforcement (OCSE) to gain the necessary contract approvals to initiate a new project with Xerox. Among other documents, DSS staff completed and submitted the required System Feasibility Studies, GAP Analysis documents and Cost Benefit Analysis information to support the Xerox project. Final approval of the contract was granted by OCSE in August of 2015.

Through the new project, Xerox is working with DSS to transfer and implement the Delaware Child Support system in South Carolina as the Palmetto Automated Child Support System (PACSS). Xerox will also implement a Family Court Case Management System (FCCMS) to be used by County Clerks of Court throughout the state. The performance period of the Xerox contract is 4 years with implementation scheduled for both systems in 2019.

Federal project funding for PACSS was approved November 30, 2015 for funding State Fiscal Year 2016. The required federal Implementation Advance Planning Document (IAPD) which outlines the project plan and budget for federal fiscal year 2017 was submitted to the Office of Child Support Enforcement (OCSE) on August 1, 2016. DSS is awaiting approval of this document.

The initial project planning activities for PACSS were completed by Xerox and State staff during the first few months of the project. During this phase of the project, the project schedule was developed and approved along with key project plans that govern project management, system development, data conversion, testing and quality assurance.

As of August 1, 2016, the project remains on schedule and system development, data conversion and system testing activities are underway.

2. What is the cost required to meet minimum federal guidelines?

The estimated cost to complete the Xerox project and implement PACSS is included in the table below:

Cost Category	SFY	Amount	Federal	State
PACSS estimated development and deployment cost	2017-2021	\$126,500,899	\$83,490,593	\$43,010,306
PACSS estimated maintenance and operations cost	2017-2021	\$46,003,213	\$30,362,121	\$15,641,092
Total PACSS		\$172,504,112	\$113,852,714	\$58,651,398

Implementation of the FCCMS is not required to meet federal certification guidelines, but costs are included here for reference.

Cost Category	SFY	Amount	Federal	State
FCCMS estimated development cost	2017-2021	\$7,397,220	\$0	\$7,397,220
FCCMS estimated maintenance and operations cost	2017-2021	\$967,635	\$0	\$967,635
Total FCCMS		\$8,364,855	\$0	\$8,364,855

3. What are the total funds spent so far on the system?

The total funds spent so far on the South Carolina automated systems project for PACSS and FCCMS shown in the table below includes the previous development effort with Unisys Corporation and HP.

Expenditures	SFY	Amount	Federal	State
CSES Expenditures for prior Unisys development effort	1992-1999	\$34,696,802	\$28,917,718	\$5,779,084
CSES Expenditures for assessment, planning and procurement activities for prior development effort	2000-2005	\$9,695,038	\$6,428,101	\$3,266,937
CSES expenditures for prior planning and procurement activities	2006-2007	\$6,889,523	\$4,547,085	\$2,342,438
CSES expenditures for prior project development activities	2008-2013	\$73,893,323	\$48,769,593	\$25,123,730
CSES expenditures for recovery and assessment activities**	2014-2015	\$9,495,708	\$6,267,167	\$3,228,541
PACSS expenditures for current development activities	2016	\$15,415,627	\$10,174,314	\$5,241,313
Total PACSS*		\$150,086,021	\$105,103,978	\$44,982,042
FCCMS expenditures for prior planning and procurement activities	2006-2007	\$579,028	\$0	\$579,028
FCCMS expenditures for prior project development activities	2008-2013	\$9,013,097	\$0	\$9,013,097
FCCMS expenditures for recovery and assessment activities**	2014-2015	\$695,061	\$0	\$695,061
FCCMS expenditures for current development activities	2016	\$72,130	\$0	\$72,130
Total FCCMS		\$10,359,315	\$0	\$10,359,315
* Palmetto Automated Child Support System (PACSS, formerly CSES)				
** Corrections of SFY 2014-2015 Expenditures made in SFY 2016				

4. What is the amount of fines assessed by the federal government associated with non-compliance?

For Federal Fiscal years (FFY) 1998-2016, the total amount of funding assessed in federal penalties is \$145,447,519, which has been incurred as follows:

Penalties Assessed			
FFY 1998	\$893,628	FFY 2007	\$6,756,475
FFY 1999	\$1,714,073	FFY 2008	\$7,330,080
FFY 2000	\$3,788,805	FFY 2009	\$9,180,717
FFY 2001	\$5,317,626	FFY 2010	\$10,494,344
FFY 2002	\$8,162,687	FFY 2011	\$10,699,976
FFY 2003	\$7,880,498	FFY 2012	\$11,022,245
FFY 2004	\$7,568,561	FFY 2013	\$11,144,481
FFY 2005	\$6,911,858	FFY 2014	\$8,117,023
FFY 2006	\$6,859,309	FFY 2015	\$11,596,666
		FFY 2016, Due Sep 2016	\$10,008,467
Total			\$145,447,519

Under a 2001 settlement agreement with the State's first vendor for the Systems, Unisys Corporation, \$17,633,961 in settlement funds were used to offset penalties. Under the terms of contract amendments 3, 5, and 6 between HP and the State, HP paid \$36,510,978 in federal penalties incurred due to schedule extensions through FFY13. As part of the January 2015 Settlement Agreement, HP paid the State an additional \$44,083,000. Total payments by vendors is \$98,227,939.

Other than when paid with funds from Unisys and HP, penalties were paid with 100% State General Funds. The OCSE will continue to require penalty payments until the year in which the State submits its automated child support enforcement system for federal certification review. Once the State submits the request for federal certification review, OCSE does not assess the penalty for any succeeding year during which federal officials review the State's PACSS for certification requirements. After certification is granted, the State will receive a rebate of 90% of the penalty for the year that the State's PACSS was submitted for federal certification review.

5. How much has been spent to satisfy actions taken by the State judicial system?

The answer to this question remains substantively the same as the August 31, 2007 response to Proviso 13.27 which states:

"The state judicial system has not imposed costs on this project. The state's executive management for the project includes representation from the Budget and Control Board, the Governor's Office, the Chief Justice of the Supreme Court, a representative of the Clerks of Court, and the director of DSS. This broad-based management group determined that it was best for the state and appropriate for this project to address not only federal certification requirements, but also the FCCMS, because of the unique and strong dependencies between DSS and the Family Courts in child support proceedings, and in order to completely support the business practices of South Carolina's Child Support Enforcement program and the Family Courts. As a result, the FCCMS was added to the RFP developed in 2004."

Proviso 38.26 of the 2014-2015 Appropriations Act disbanded the committee responsible for executive management of the CFS Project and assigned complete management responsibility for the project to the Executive Director of DSS.

As part of the DSS settlement with HP in January of 2015, the FCCMS component of the project was included to ensure contract and business process continuity.

6. How much has been spent related to actions taken by any other entity which may have altered the amount required for meeting minimum federal guidelines?

There are no costs beyond those listed in items 2 through 5.