

Department of Social Services
Response to Budget Proviso 26.25
August 31, 2008

Budget Proviso Language

26.25. (DSS: Child Support Enforcement System) From the funds appropriated in Part IA, Section 26(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 non-compliance; 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 31st of the current fiscal year.

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

In response to Proviso 13.27 in the FY 2007-2008 Appropriations Act, the Department of Social Services provided a detailed timeline of the events leading to the contract between the state and Saber Software Corporation to develop, implement and maintain the federally mandated statewide Child Support Enforcement System (CSES) and the Family Court Case Management System (FCCMS). The following represents an update to this report and is filed in response to Proviso 26.25 of the FY 2008-2009 Appropriations Act. A copy of the Department's previous report is attached for reference purposes.

The Department of Social Services entered into a contract with the Saber Software Corporation on August 1, 2007 for the development of the statewide CSES and the FCCMS. Since August 1, 2007, Saber and the state team have been working diligently to meet the aggressive 36 month implementation schedule that Saber proposed. While much work has been accomplished, Saber notified the CFS Project Executive Committee in July 2008 that it anticipates a schedule delay. Saber acknowledges its contractual obligations to meet the original 36 month schedule. Attorneys for both Saber and the state are working to define those obligations.

Although the time slippage is a major concern to the state, we are encouraged by the work being done to deliver systems that will meet all federal certification requirements and the business needs of the Child Support Enforcement program in South Carolina. Specific major accomplishments include:

1. Conducting 65 Joint Application Design sessions over 38 weeks involving 153 stakeholders from seventeen Clerks' of Court offices, Court Administration and the Department's Child Support Enforcement office.
2. Conducting on-site implementation visits to 36 counties and to three Child Support Enforcement offices.
3. Obtaining data extracts from 34 of the Clerks' of Court systems and from the Department's current Child Support system.

4. Delivery by Saber and approval by the state of 12 deliverables under the contract.
5. Conducting interface design sessions with over 30 agencies involving 42 different interfaces.

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

Federal guidelines determine only whether the state produces a certifiable CSES, but do not include the individual state's business practices nor appropriate business model. The product of this contract will be designed to meet all state business requirements as well as requirements for certification.

Under the Saber contract, the cost required to develop and deploy CSES is \$102,435,006 (\$35,025,901 in state funds) and the cost required to develop and deploy FCCMS is \$11,279,078. These costs cover procurement, project management, oversight, system development, and system implementation costs, which include all hardware and software. These amounts reflect costs needed to support the 36-month project schedule proposed by Saber. The table listed below provides a breakdown of cost estimates.

Cost Category	SFY	Amount	Federal	State
CSES expenditures to date for current planning and procurement activities	2006-2007	\$6,866,335	\$4,531,781	\$2,334,554
CSES expenditures to date for current development activities*	2008	\$9,421,472	\$6,218,172	\$3,203,300
CSES estimated future development and deployment cost**	2009-2011	\$86,147,199	\$56,659,152	\$29,488,047
Total CSES		\$102,435,006	\$67,409,105	\$35,025,901
FCCMS expenditures to date for current planning and procurement activities	2006-2007	\$576,015	\$0	\$576,015
FCCMS expenditures to date for current development activities*	2008	\$956,968	\$0	\$956,968
FCCMS estimated future development and deployment cost**	2009-2011	\$9,746,095	\$0	\$9,746,095
Total FCCMS		\$11,279,078	\$0	\$11,279,078
Total for CSES and FCCMS		\$113,714,084	\$67,409,105	\$46,304,979
* Expenditures to date are estimated pending receipt of final SFY2008 GAFRS Report				
**Contractual payments to Saber for federal certification and the 15% contractual holdback are projected to occur in SFY2011				

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 CSES and FCCMS shown in the table below includes the previous development effort with Unisys Corporation. As a result of a 2001 settlement to litigation with Unisys, Unisys paid the state \$17,633,961.

Cost Category	SFY	Amount	Federal	State
Expenditures for prior Unisys development effort	1992-1999	\$34,696,802	\$28,917,718	\$5,779,084
Expenditures for current planning and procurement activities	2000-2007	\$17,137,387	\$10,956,587	\$6,180,800
Expenditures for current development activities*	2008	\$10,378,440	\$6,218,172	\$4,160,268
Total Expenditures through SFY2008		\$62,212,629	\$46,092,477	\$16,120,152
* Expenditures to date are estimated pending receipt of final SFY2008 GAFRS Report				

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

For federal fiscal years 1998-2008, the amount of funding lost to penalties is \$63,183,600 which has been incurred as follows.

FFY 1998 - \$ 893,628 FFY 2003 - \$7,880,498 FFY 2008 - \$7,330,080
FFY 1999 - \$1,714,073 FFY 2004 - \$7,568,561
FFY 2000 - \$3,788,805 FFY 2005 - \$6,911,858
FFY 2001 - \$5,317,626 FFY 2006 - \$6,859,309
FFY 2002 - \$8,162,687 FFY 2007 - \$6,756,475

These penalties are paid with 100% state dollars. Penalties will continue to be assessed until CSES is deployed and operational statewide.

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

The answer to this question remains the same as the 8/31/2007 response to Proviso 13.27.

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.