

**Department of Social Services
Response to Budget Proviso 38.17**

H. 4000

General Appropriations Bill for Fiscal Year 2019-2020

PART IB

August 2019

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 (now Conduent). Final approval of the contract was granted by the federal Office of Child Support Enforcement (OCSE) in August of 2015. The initial planning phase of the project started in the September-October 2015 timeframe.

Through the project with Conduent, DSS transferred and implemented the Delaware Child Support system in South Carolina as the Palmetto Automated Child Support System (PACSS). Conduent is also implementing a Family Court Case Management System (FCCMS) to be used by County Clerks of Court throughout the state.

The timeline for the project consisted of a 3-year development phase and a 1-year implementation phase. A 4-month production pilot phase was completed with the DSS central system and 4 SC counties beginning in October of 2018. After pilot, the system was deployed over an 8-month period across the remaining 43 counties and 4 DSS regional offices

As of August 5, 2019, PACSS has been successfully implemented at DSS and at each of the 46 Clerk of Court offices.

Over the past 8 months, DSS project staff worked with OCSE to complete two federal certification system reviews. The second and final system review was conducted the week of August 19, 2019. Based on the most recent system review, the OCSE certification team determined that PACSS meets all federal certification criteria. DSS expects to receive formal notice of system certification prior to October 1, 2019.

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

The estimated cost to complete the Conduent 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

Although implementation of FCCMS is not required to meet federal certification guidelines, the 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 SC automated systems project for PACSS and FCCMS shown in the table below includes the previous development effort with Unisys Corporation and HP.

ACTIVITY	SFY	EXPENDITURES		
		Total	Federal	State/Other
CSES/PACSS:				
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 prior development activities	2016	15,415,627	10,174,314	5,241,313
PACSS expenditures for current development activities	2017	28,017,977	18,491,864	9,526,113
PACSS expenditures for current development activities	2018	32,013,591	21,128,970	10,884,621
PACSS expenditures for current development activities	2019	43,906,900	28,978,554	14,928,346
Total PACSS*		254,024,489	173,703,366	80,321,123
FCCMS:				
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 prior development activities	2016	72,130	0	72,130
FCCMS expenditures for current development activities	2017	361,296	0	361,296
FCCMS expenditures for current development activities	2018	1,684,291	0	1,684,291
FCCMS expenditures for current development activities	2019	2,237,500	0	2,237,500
Total FCCMS		14,642,403	0	14,642,403
*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) 1998-2019, the total amount of federal penalties is \$172,702,192 which has been incurred as follows:

DSS CFS Penalties			
FFY 1998	\$893,628	FFY 2009	\$9,180,717
FFY 1999	\$1,714,073	FFY 2010	\$10,494,344
FFY 2000	\$3,788,805	FFY 2011	\$10,699,976
FFY 2001	\$5,317,626	FFY 2012	\$11,022,245
FFY 2002	\$8,162,687	FFY 2013	\$11,144,481
FFY 2003	\$7,880,498	FFY 2014	\$8,117,023
FFY 2004	\$7,568,561	FFY 2015	\$11,596,666
FFY 2005	\$6,911,858	FFY 2016	\$10,008,467
FFY 2006	\$6,859,309	FFY 2017	\$12,637,082
FFY 2007	\$6,756,475	FFY 2018	\$12,904,724
FFY 2008	\$7,330,080	FFY 2019	
		Due Sept 2019	\$1,712,867
Grand Total 1998 - 2019			\$172,702,192

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. The total amount of penalties paid by vendors is \$98,227,939.

Other than when paid with funds from Unisys and HP, penalties were paid with 100% State General Funds.

Because the State did not have a certified system in place on October 1, 2018, a penalty payment is due in September of 2019. This will be the final penalty payment to be paid by the State due to system non-compliance. DSS will receive a rebate of 90% of the final penalty payment paid.

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.