

ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Committee on Budget and Fiscal Review Analyst: Jahna Alvarado Bill Number: SB1078
Related Bills: See Legislative History Telephone: 845-5683 Amended Date: September 15, 2008
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Child Support Collections/Transfer From Franchise Tax Board To Department Of Child Support Services

SUMMARY

This bill would, among other things, transfer the responsibility for the Single Statewide Automated Child Support System from Franchise Tax Board (FTB) to the Department of Child Support Services (DCSS) and require that FTB continue to provide services necessary to support the California Child Support Automation System (CCSAS).

This bill contains additional provisions related to proposed and existing health and welfare programs that do not impact the department's operations or programs, and are not discussed in this analysis.

PURPOSE OF THE BILL

The bill's language indicates that the purpose is to extinguish FTB's responsibility for the implementation and development of the statewide CCSAS.

EFFECTIVE/OPERATIVE DATE

As an urgency statute, the provisions of this bill would be effective immediately upon enactment and operative as of that date.

POSITION

Pending.

ANALYSIS

FEDERAL/STATE LAW

Federal law requires each state to have a single entity that is responsible for child support enforcement in that state, which is commonly referred to as the Title IV-D agency. Current law provides that DCSS is California's Title IV-D agency and each county is required to create a local child support agency to oversee child support enforcement.

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Department Director

Date

Brian Putler

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Current state law requires DCSS to delegate the necessary authority to develop and implement CCSAS to FTB.

PROGRAM BACKGROUND

The CCSAS Project was initiated to create a single statewide child support system that meets state and federal requirements.

In 1975, amendments to the Social Security Act created Part D of Title IV (IV-D) and established the Office of Child Support Enforcement in the federal government. Additionally, throughout the 1970s and 1980s, there were federal legislative actions to enhance the provisions of Title IV-D. A major legislative initiative was the passage of the Family Support Act of 1988 (FSA 88). The Act emphasized child support as the first line of defense against welfare dependence. It also mandated that each state develop and implement a single statewide automated child support enforcement system by October 1, 1995; this deadline was later extended to October 1, 1997.

In December 1992, the State of California entered into a contract to develop and implement the Statewide Automated Child Support System (SACSS) in 57 California counties (Los Angeles was to remain independent). SACSS was intended to meet the federal mandate to have a child support system, compliant with the FSA 88, operational in California by October 1, 1995. However, the SACSS system implementation was unsuccessful, leading to a November 1997 agreement to terminate the SACSS contract.

In 1996, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) amended the Social Security Act to increase federal automation requirements by requiring all states to establish and operate a State Disbursement Unit (SDU) and State Case Registry (SCR) by October 1, 1998. By early 1998, the state, working with the California District Attorneys Association, had developed a plan to create a statewide child support system based on the formation of four to seven consortia. Each consortium would consist of multiple counties operating on one of the existing child support systems, as approved by the state, to meet the FSA 88 requirements. The state would also develop and implement, through a competitive bid process, the SDU and SCR components to meet the PRWORA requirements.

The consortia plan was presented to the legislature in March 1998, and became the basis for the child support budget bill, Assembly Bill 2779 (Stats. 1998, Ch. 329). AB 2779 was passed in August 1998 and required California to implement a consortia-based system that would lead to a federally compliant system by October 2001.

In January 1999, an Implementation Advance Planning Document (IAPD), which identified a four-system consortia approach, was submitted for federal approval by the federal Administration for Children and Families (ACF). In its review, ACF informed the state that the proposed consortia-based alternative system configuration submitted for approval did not meet the criteria required by federal law. Responding to ACF's concerns, Governor Davis, members of the Legislature and other involved parties decided to reconsider the mid-1998 decision to proceed with a consortia-based approach.

On September 24, 1999, Governor Davis signed three major child support bills into law (AB 150, Stats 1999, Ch. 479; AB 196, Stats. 1999, Ch.478; and SB 542, Stats 1999, Ch. 480). These laws restructured California's child support enforcement program and required the state to implement a single statewide-automated child support system. The legislation created the new DCSS and transferred Child Support Program responsibility from the California Department of Social Services (CDSS) to DCSS. In addition, this legislation transferred responsibility for the statewide automation development project, CCSAS, from California's Health and Human Services Agency Data Center (HHSDC) to the FTB.

THIS PROVISION

This provision would transfer FTB's duties and authority for CCSAS to DCSS. DCSS would be substituted for FTB in any agreements that FTB has entered into to implement CCSAS.

The provisions would authorize DCSS to enter into an interagency agreement with FTB to continue any services necessary to be provided by FTB for ongoing support of CCSAS. The agreement could provide for the transfer of staff from FTB to DCSS upon federal notification that the single statewide CCSAS is implemented in all jurisdictions, or on January 1, 2009, whichever is later.

LEGISLATIVE HISTORY

AB 1279 (Committee on Budget, Stats. 2008, Ch.759) transferred FTB's duties and authority for CCSAS to DCSS, substituted DCSS for FTB in agreements entered into to implement CCSAS, and authorized FTB and DCSS to enter into an interagency agreement to continue necessary, ongoing support of CCSAS

AB 2779 (Aroner, Stats 1998, Ch. 329) established the California Child Support Automation (CCSA) to replace the failed Statewide Automated Child Support System (SACSS) and identify how federal penalties resulting from the SACSS failure would be shared between the State and counties.

AB 150 (Aroner, Stats.1999, Ch. 479) created authorization for the CCSAS Project.

AB 196 (Kuehl, Stats. 1999, Ch.478), restructured the state child support enforcement, created the new DCSS, and expanded the role of FTB in the collection of child support by requiring local child support agencies to transfer all cases to FTB for collection.

SB 542 (Burton, Stats. 1999, Ch. 480), required employers, by July 1, 2000, to begin regular reporting of earnings information on independent contractors to the Employment Development Department for inclusion in the New Employee Registry.

FISCAL IMPACT

FTB has received appropriation for the development of the CCSAS project, and upon transfer of the project responsibility to DCSS, any remaining funds would be transferred to DCSS. Any additional costs related to services to be continued by FTB in support of CCSAS would be reimbursed through the interagency agreement authorized under this provision. Consequently, there would be no fiscal impact to FTB's programs or operations.

ECONOMIC IMPACT

This provision would not impact state income tax revenues.

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