

**STATE OF CALIFORNIA
FINANCE LETTER - COVER SHEET
FOR FISCAL YEAR 2008/09
DF-46 (REV 03/03)**

**Department of Finance
915 L Street
Sacramento, CA 95814
IMS Mail Code: A-15**

FL # 1	PRIORITY NO	ORG CODE 1730	DEPARTMENT Franchise Tax Board
PROGRAM 45-CCSAS	ELEMENT 45-CCSAS	COMPONENT	

TITLE OF PROPOSED CHANGE:

California Child Support Automation System (CCSAS) Transfer To DCSS

SUMMARY OF PROPOSED CHANGE:

This Finance Letter proposes to transfer \$44.5 million General Fund (GF) and 146.0 positions to the Department of Child Support Services (DCSS) to assume direct responsibility of the California Child Support Automation System (CCSAS) project upon passage of the proposed legislation and accompanying trailer bill language. Accordingly, the transfer of GF is to occur on July 1, 2008 followed by a transfer of FTB position authority and existing staff on January 1, 2009. See also DCSS SFL #24 – CCSAS Transfer.

REQUIRES LEGISLATION <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	CODE SECTION(S) TO BE AMENDED/ADDED Welfare and Institutions Code Sections 10080.5	BUDGET IMPACT-PROVIDE LIST AND MARK IF APPLICABLE <input type="checkbox"/> ONE-TIME COST <input type="checkbox"/> FULL-YEAR COSTS <input type="checkbox"/> FACILITIES/CAPITAL COSTS <input type="checkbox"/> FUTURE SAVINGS <input type="checkbox"/> REVENUE
--	--	---

PREPARED BY:	DATE	REVIEWED BY:	DATE
PROGRAM APPROVAL:			
DEPARTMENT DIRECTOR:	DATE	AGENCY SECRETARY:	DATE

DOES THIS BCP CONTAIN INFORMATION TECHNOLOGY (IT) COMPONENTS? YES OR NO
IF YES, DEPARTMENTAL CHIEF INFORMATION SIGNATURE _____ DATE _____

Cathy Cleek

FOR INFORMATION TECHNOLOGY REQUESTS, SPECIFY THE DATE SPECIAL PROJECT REPORT (SPR) OR FEASIBILITY STUDY REPORT (FSR) WAS APPROVED BY THE DEPARTMENT OF FINANCE.

DATE 09/28/2007 PROJECT # 137-11.0-09190: FSR OR SPR

IF PROPOSAL AFFECTS ANOTHER DEPARTMENT, DOES OTHER DEPARTMENT CONCUR WITH PROPOSAL?

YES NO ATTACH COMMENTS OF AFFECTED DEPARTMENT SIGNED AND DATED BY THE DEPARTMENT DIRECTOR OR DESIGNEE.

See DCSS Companion SFL #24 – CCSAS Transfer

DEPARTMENT OF FINANCE ANALYST USE (ADDITIONAL REVIEW)

CAPITAL OUTLAY <input type="checkbox"/>	CIO <input checked="" type="checkbox"/>	FSCU <input type="checkbox"/>	OSAE <input type="checkbox"/>	CALSTARS <input type="checkbox"/>
---	---	-------------------------------	-------------------------------	-----------------------------------

DATE SUBMITTED TO THE LEGISLATURE:

PPBA:

TOTAL OPERATING EXPENSES AND EQUIPMENT

<u>CY</u>	<u>BY</u>	<u>BY + 1</u>
	-\$ 82,128	-\$ 5,852

SPECIAL ITEMS OF EXPENSE d/

	\$ 0	
--	------	--

PROGRAM ADMINISTRATION
Distributed Admin

	\$ 0	
	\$ 0	

TOTAL STATE OPERATIONS EXPENDITURES

	-\$ 88,617	-\$ 12,341
--	------------	------------

Source of Funds

Appropriation No.

	Org	- Ref	- Fund
General Fund	1730	001	0001
Reimbursements	1730	506	0995
Totals			

	-\$ 44,531	\$ 0
	0	0
	0	0
	0	0
	0	0
	0	0
	0	0
	0	0
	-\$ 44,086	-\$ 12,341
	-\$ 88,617	-\$ 12,341

LOCAL ASSISTANCE

Source of Funds

Appropriation No.

	Org	- Ref	- Fund
General Fund			
Reimbursements			
Totals			

d/ Special Items of expense must be titled. Please refer to the Uniform Codes Manual for a list of the standardized Special Items of expense objects which may be used.

**DETAIL OF STAFF BENEFITS
AND PERSONAL SERVICES**

Positions	CY	Positions		Salary Range	CY	Amount	
		BY	BY + 1			BY	BY + 1
FTB CSSAS Project	2007/08	2008/09	2009/10				
See Attachment B for Details		-146.0	-73.0			-\$ 9,520	-\$ 4,760
Adjust for Partial Year Positions		73.0	.0			\$ 4,760	
Net Positions before salary savings		-73.0	-73.0			-\$ 4,760	-\$ 4,760

Staff Benefits

	2007/08	2008/09	2009/10
OASDI	-\$	292	-\$ 292
Dental	-\$	37	-\$ 37
Health	-\$	340	-\$ 340
Retirement	-\$	691	-\$ 691
Vision	-\$	7	-\$ 7
Medicare	-\$	78	-\$ 78
Worker's Comp	-\$	270	-\$ 270
Industrial Disability	-\$	3	-\$ 3
Non Industrial Disability	-\$	4	-\$ 4
Unemployment Insurance	-\$	2	-\$ 2
Life	-\$	2	-\$ 2
Other	-\$	14	-\$ 14
Total Staff Benefits	-\$	1,740	-\$ 1,740

**FRANCHISE TAX BOARD
Fiscal Year 2008/09**

Finance Letter

FL No. 1

**California Child Support Automation System
Transfer to DCSS**

DATE: February 14, 2008

A. NATURE OF REQUEST

This Finance Letter proposes to transfer \$44.5 million General Fund (GF) and 146.0 positions (refer to Attachment B) to the Department of Child Support Services (DCSS) to assume direct responsibility of the California Child Support Automation System (CCSAS) project in response to the CCSAS Transfer Plan, as submitted to the Department of Finance in February 2008. The CCSAS Transfer Plan schedules the transfer of GF on July 1, 2008 followed by a transfer of Franchise Tax Board (FTB) position authority and existing staff on January 1, 2009.

Consistent with the development and implementation of CCSAS, FTB and DCSS shall enter into a letter of agreement and amend the existing Interagency Agreement (IA) to permit DCSS to contract for and reimburse FTB for the existing staff for the first six months of 2008-09. Accordingly, these agreements shall set forth the following:

- Require DCSS to assume full responsibility of the CCSAS project, contingent upon budget, legislative and staffing authority;
- Provide for the full transfer of FTB employees, who provide support to the CCSAS project, to become the employees of DCSS at their existing or equivalent classifications, salaries, and benefits to begin January 1, 2009; and
- Provide for any other provisions necessary to ensure continuity of functions that meet existing levels of service, including but not limited to, agreements for continued use of automated systems used by FTB.

Refer to DCSS' 2008/09 companion budget proposal DCSS FL #24 for further justification and funding detail.

B. BACKGROUND/HISTORY

Federal law requires each state to operate a child support program and meet specified performance measures. Federal law also requires each state to have a single statewide automation system for its child support program. In September of 2006, California submitted a request to the federal government asking them to certify the Alternative System Configuration (ASC).

The FTB has acted as the agent of DCSS for the procurement, development, implementation, maintenance, and operation of the California Child Support Automation System (CCSAS). As full implementation of the CCSAS project nears, the state is planning to consolidate responsibility for the project within the DCSS. As such, this Finance Letter

supports the CCSAS transfer plan as submitted in February 2008, detailing the transfer of all resources and responsibilities for the continued maintenance of the CCSAS system from the FTB to the DCSS beginning in fiscal year 2008-09.

C. STATE LEVEL CONSIDERATIONS

The Governor and the Legislature of California have demonstrated a commitment to building a single statewide child support system that meets federal certification requirements, which provides a high customer service level that will adapt to the many changes the child support program experiences.

Note: FTB and DCSS staff are co-located in facilities housing the project. Both agencies are working functionally as one entity. With this transfer, all staff would remain in their current locations and would continue to perform the duties prescribed in the project documents. This transfer would simply place all resources within DCSS' budget for simplicity in budgeting. This proposal will consolidate responsibility for the CCSAS project under one state agency and under a single project governance structure.

D. FACILITY/CAPITAL OUTLAY CONSIDERATIONS

FTB and DCSS shall enter into a letter of agreement and amend the existing Interagency Agreement (IA) to permit DCSS to contract for and reimburse FTB for the existing lease agreements through December 31, 2008. Existing FTB facility leases would transfer to DCSS effective January 1, 2009.

E. JUSTIFICATION

The DCSS has responsibility for the administration of California's Child Support Enforcement Program under Title IV-D of the Social Security Act. Part of that responsibility includes the development and operation of a mandated automated system, whereby, FTB serves as its agent to procure, develop, and implement the statewide system. With the federal certification process now underway and the anticipated shift from development and implementation (D&I) to the maintenance and operations (M&O) phase of the project, DCSS is ready to assume full and direct responsibility for the project. Attachment A contains proposed legislation that would accomplish this transfer of responsibility.

The proposed legislation would provide DCSS with full responsibility for CCSAS beginning July 1, 2008. As such, the funding currently assigned to FTB for the CCSAS project would transfer on July 1, 2008. However, to allow sufficient time to implement Version 2 of the CCSAS project, the FTB positions will not transfer to DCSS until January 1, 2009. Therefore, DCSS will contract with FTB for the positions and associated operating expenses from July 1, 2008 through December 31, 2008. On January 1, 2009, all FTB employees and operating expenses associated with the project will transfer to DCSS. Accordingly, DCSS's SFY 2008-09 companion SFL #24 provides for the transfer of FTB CCSAS positions and all associated funding to DCSS.

F. OUTCOMES AND ACCOUNTABILITY

The CCSAS project has successfully completed implementation of Version 1 of the System. Accordingly, FTB has played a key role in that development effort based on its successful experience in IT projects and performance based procurements. As the project moves into the Version 2 implementation phase and as maintenance and operation activities ramp up, DCSS is now in position to assume direct responsibility for all aspects of the project.

G. ANALYSIS OF ALL FEASIBLE ALTERNATIVES

Alternative #1: Transfer CCSAS financial resources from FTB to DCSS on July 1, 2008, with a final transfer of position authority and staff on January 1, 2009. This alternative allows DCSS to assume full and direct responsibility for the project, during the M&O phase of the project and to align the project to the approved expenditure levels of resources. The reduced costs will be addressed in DCSS #21 – CCSAS.

Alternative #2: Do not approve the transfer of resources from FTB to DCSS. This alternative does not allow DCSS to assume full and direct responsibility for the project during the M&O phase.

H. TIMETABLE

- Transfer GF authority and enact legislation that assigns full and direct responsibility of the CCSAS project, including procurement authority to DCSS on July 1, 2008 (refer to Attachment A for proposed legislation).
- Obtain necessary Letter of Agreement and IA between FTB and DCSS on July 1, 2008 to reimburse FTB for positions and staff retained through December 31, 2008.
- Final transfer of positions and staff on January 1, 2009.

I. RECOMMENDATION

Approve Alternative #1. This requires a letter of agreement and IA between both state departments in order for FTB to assist DCSS to assume direct responsibility for the CCSAS Project. Enacted Legislation is also necessary for this transfer to occur, since current legislation requires FTB to serve as an agent to procure, develop, and implement the statewide CCSAS Project. The accompanying trailer bill language is in Attachment A.

Attachment A
Proposed Trailer Bill Language

Section 10080.5 is added to the Welfare and Institutions Code to read:

10080.5 All duties and authority of the Franchise Tax Board under this chapter are hereby transferred to the department. The department shall succeed to and replace the Franchise Tax Board in any agreement entered into by the Board as the agent of the department. Any agency between the department and the Franchise Tax Board created by any other provisions of this chapter is hereby terminated. However, the department and the Franchise Tax Board shall enter into an inter-agency agreement pursuant to this section to continue any services necessary to be provided by the Franchise Tax Board for the ongoing support of the California Child Support Automation System. Such inter-agency agreement may provide for the transfer of staff from the Franchise Tax Board to a date later than January 1, 2009 if necessary to effectuate the purposes of this section.

Attachment B
Positions to Transfer by Classification
Finance Letter #1 - CCSAS Transfer to DCSS

Count	Class Code	Classification - Filled Positions
25.0	1312	STAFF INFO SYS ANALYST SPEC
21.0	1337	SR INFO SYSTEMS ANALYST SPEC
3.0	1367	SYS SOFTWARE SPEC III TECH
7.0	1373	SYS SOFTWARE SPEC II TECH
1.0	1384	DATA PROCESSING MGR II
6.0	1393	DATA PROCESSING MGR III
14.0	1470	ASSOC INFO SYS ANALYST SPEC
1.0	1479	ASST INFO SYSTEMS ANALYST
3.0	1559	SYS SOFTWARE SPEC III SUP
2.0	1579	ASSOC PROG ANALYST SPEC
13.0	1581	STAFF PROG ANALYST SPEC
6.0	1583	SR PROGRAMMER ANALYST SPEC
7.0	1585	ASSOC SYS SOFTWARE SPEC TECH
11.0	1587	SYS SOFTWARE SPEC I TECH
1.0	4801	STAFF SERV MGR II SUP
1.0	5157	STAFF SERVICE ANALYST GEN
3.0	5334	ASSOCIATE OPERATIONS SPECIALIST/FTB
1.0	5335	STAFF OPERATIONS SPECIALIST/FTB
2.0	5346	SR OPERATIONS SPECIALIST/FTB
1.0	5361	ADMINISTRATIVE ASST I
3.0	7500	CEA
2.0	7737	ASSOC PROGRAM SYSTEMS ANALYST
3.0	7740	SENIOR PROGRAM SYSTEMS ANALYST SPEC
3.0	7738	STAFF PROG SYSTEMS ANALYST SPEC
1.0	4715	ASSOC SPACE PLANNER
1.0	4179	ACCOUNTANT TRAINEE
1.0	1303	PERSONNEL SPECIALIST
1.0	1103	OFFICE SERVICES SUPERVISOR I
1.0	4800	STAFF SERV MGR I
1.0	4552	ACCOUNTING ADMINISTRATOR I SPEC
146.0		Total Position Transfer