

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: June 21, 2007
POSITION: Neutral
SPONSOR: Department of Child Support Services

BILL NUMBER: SB 892
AUTHOR: E. Corbett
RELATED BILLS: AB 578 (Chapter 621, Statutes of 2004)

BILL SUMMARY: Family Law: Child Support

nThis bill would exempt the Department of Child Support Services (DCSS) and Local Child Support Agencies (LCSAs) from certain provisions of the Electronic Recording Delivery Act (ERDA) (Chapter 621, Statutes of 2004). Specifically, it would allow the DCSS and LCSAs to file lien documents electronically as either digital or digitized electronic records.

This bill also would require that individuals applying for a reduction or elimination of a child support security deposit provide related documentation to all interested parties.

FISCAL SUMMARY

This bill would result in unspecified cost avoidance. Without the exemption that this bill would provide, the DCSS would incur substantial costs to update the California Child Support Automation System (CCSAS) to comply with the ERDA.

COMMENTS

The Department of Finance is neutral with regards to this bill. Exempting the DCSS and LCSAs from the ERDA's electronic filing requirements would allow the state to avoid costly updates to the CCSAS. In addition, changes to the CCSAS system may jeopardize or delay federal certification of the CCSAS.

Finance has no fiscal concerns with the provision of this bill that would require obligors to provide documentation to all affected parties.

Analyst/Principal (0513) E. Swanson	Date	Program Budget Manager Michael Wilkening	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

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ANALYSIS

A. Programmatic Analysis

ERDA

Under current law the ERDA requires filing of digitized electronic records, which are defined as scanned copies of documents that were created on paper.

This bill would permit the DCSS and LCSAs to transmit, file and record a lien against real property through either a digital or digitized electronic record. It would also permit the lien to be transmitted, filed or recorded via the California Child Support Automation System.

The CCSAS is not designed to create digitized copies of paper documents. Rather, it is designed as a paperless environment that creates digital lien documents within the system and submits them through an electronic batch process. In order to comply with the ERDA, the CCSAS would have to be updated to create and transmit digitized documents. The CCSAS also would have to be updated so that transmission of each lien document would be associated with a single child support case instead of being included in a batch process. With the statewide implementation of the CCSAS, LCSAs are currently in the process of converting from paper to electronic records. Flexibility to use both digitized and digital records is necessary to maintain the current course of CCSAS implementation. This bill would provide an exemption to the ERDA requirements and allow the CCSAS to continue being implemented as designed.

The CCSAS project is at a critical juncture in its implementation. The Child Support Enforcement (CSE) Version 2 was recently put into production in pilot counties. In addition, the CCSAS is currently under review for certification by the federal Office of Child Support Enforcement. The primary focus of the project is continuing Version 2 implementation and obtaining federal certification. The system changes that would be necessary to comply with the ERDA are outside the scope of the certification review and rollout of Version 2. Finance is concerned that making such changes would divert critical project resources from implementation and could jeopardize or delay federal certification.

Child Support Security Deposits

Under current law courts may require a child support obligor to post a security deposit of up to one year's worth of child support payments to guarantee payment of monthly child support. The obligor may apply to have the security deposit reduced or eliminated if certain conditions are met.

This bill would require applicants for reduction or elimination of child support security deposits to serve documentation to the obligee and all affected parties when the application is filed. According to the DCSS, this a technical change for the purpose of clarifying the applicant's responsibilities. This change does not raise any programmatic concerns.

B. Fiscal Analysis

This bill would allow the state to avoid making costly updates to the CCSAS system. In order to comply with the ERDA, the CCSAS would have to be substantially modified in the way that it documents and processes property liens. A detailed analysis of the costs has not been developed, however changes to data systems tend to be very costly as they require resources to be devoted to planning, design, development, testing, and implementation. The change may require changes to business processes as well, resulting in additional end user workload.

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As noted above the CCSAS is under review for federal certification. Prior to application for certification, the state had been penalized approximately \$200 million per year by the federal government for not having a statewide system. Once certified, the federal government will reimburse approximately \$193 million to the state for penalties paid in 2006-07. Any delay in certification caused by additional system changes could jeopardize timely reimbursement of those funds. In addition, Finance notes that the CCSAS project is currently operating under a federal funding cap. Additional costs for system changes to comply with the ERDA would have to be covered within the funding cap and could result in General Fund pressures in future years.

The provision requiring that applicants for reduction or elimination of child support security deposits to provide documentation to all affected parties. The DCSS indicates that this provision would have would have minimal workload impact on LSCAs to file and record documents. Any costs would be absorbable within existing resources. This bill would have no fiscal impact on the DCSS.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)								Fund Code
	LA	(Dollars in Thousands)								
	CO RV	PROP 98	FC	2007-2008	FC	2008-2009	FC	2009-2010		
5175/ChildSupport	SO	No			-----	See Fiscal Analysis	-----			0001
5175/ChildSupport	LA	No			-----	See Fiscal Analysis	-----			0001