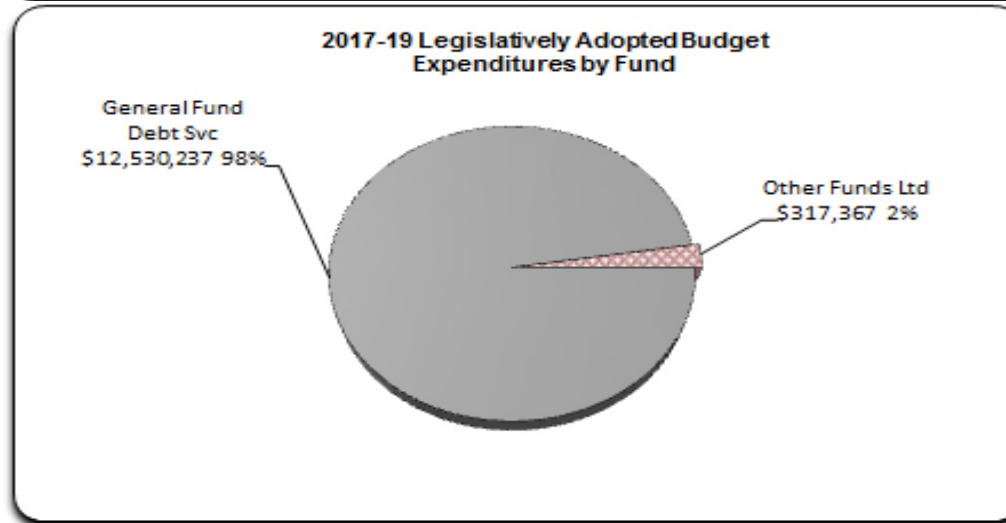
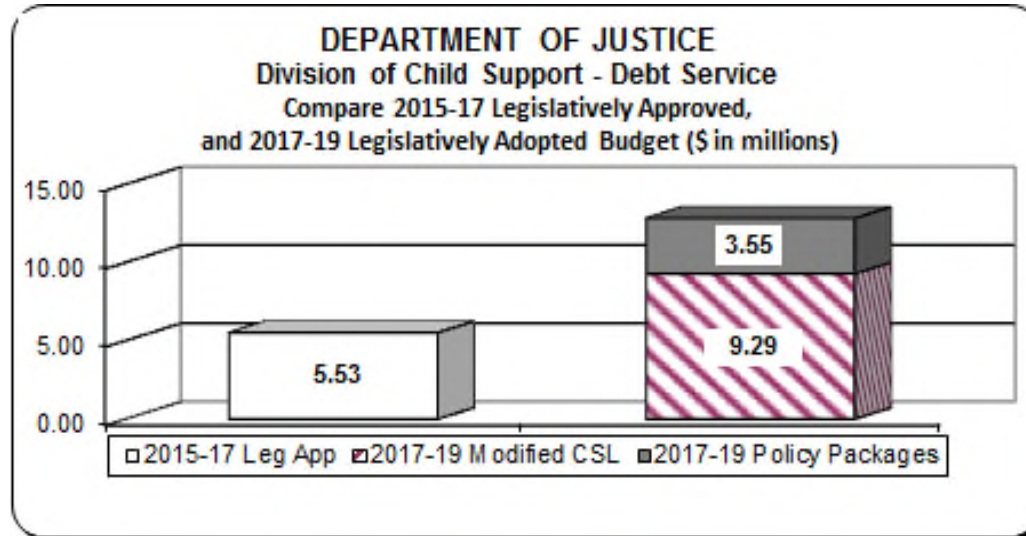


Legislatively Adopted Budget

Division of Child Support Debt Service



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Program Overview

The debt service funding is intended to support the Oregon Child Support Program's Child Support Systems Project which is being partially funded by State Article XI-Q bonds. This Project's purpose is to develop a new automated system for the Oregon Child Support Program. This federally mandated and certified system must function as a case management system, an accounting and distribution system, and a data exchange system that interfaces with multiple agencies within Oregon and across the United States. The process is complicated and must proceed through a number of federally mandated steps. Before obtaining approval for federal funding for a system replacement, the federal Office of Child Support Enforcement (OCSE) required the state to conduct a Feasibility Study to demonstrate the need for a new system, provide an objective analysis of which replacement system best meets the state's needs, and demonstrate the economic payoff of a new system.

Program Description

The Oregon Child Support Program exists to ensure that the children of Oregon receive the support they need to rise out of or avoid poverty, that reliance on public assistance is diminished, and that Oregon's families and future citizens thrive. The Child Support System Project is the effort to build the core essential tool for the Program to fulfill its mission, which is to enhance the well-being of children by providing child support services to families.

Program Justification and Link to Long Term Outcomes

The Project is a serious and major investment for the state. Confidence in moving forward lies in the level of due diligence and development that the federal government requires, the close side-by-side partnership that Oregon has fostered with its federal oversight agency at each step of the process, and the major funding commitment by the federal government at the conclusion of the due diligence process. The risks of delay were obvious with Oregon's increasingly brittle system, but delay also would have brought

increased capital costs, staleness of the feasibility study, and declining availability of experienced vendors as other states move forward with similar child support system modernization projects.

The Child Support Program's mission aligns the Division of Child Support with the "Healthy, Safe Oregonians" and "A Seamless System of Education" outcome areas. The Division's work also reaches the "Excellence in State Government" and "A Thriving Statewide Economy" outcome areas. The Program's work supported by the new system is foundational to the safety, health, and well-being of children and families. For example:

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- Healthy, Safe Oregonians

Ensure there is a Route to Independence for Oregonians Receiving Foster Care and Housing Services.

While receipt of child support and provision of medical support or coverage may not be a complete answer to a family's needs, they do contribute to successful outcomes and move families toward self-sufficiency and an improved quality of life. The new system will assist the Program in collecting more child support for Oregonians and decreasing families' reliance on public assistance. The Program has no means test and can provide services for a family from cradle to college graduation.

Ensure a Safe Environment for Children that Receive Services.

Support for Oregon's children is foundational to their safety, health, education, and well-being. When issues of violence exist, the Program has processes in place to help protect parents and children from potential harm while continuing to provide child support services.

- A Seamless System of Education

Establish Affordable Access to Higher Education

The Program can continue to provide services until a child reaches emancipation or is no longer in school. Children of least age 18 and under 21 and attending school can receive child support payments from their parent(s). Receiving support during this time allows adult children to focus on their continuing education by reducing their need to join the workforce or reduce their classload to cope with financial demands. Because participating children are required to make academic progress based on their school standards, students are encouraged to perform so they continue receiving support payments.

- Excellence in State Government

Continued Improvement of Performance Management

The outcomes achieved by the Program demonstrate excellence in state government by leveraging General Fund dollars to bring in more than two times the amount in federal dollars. To receive these federal funds, the Program must conform to set standards. The federal government measures, monitors, and audits the Program's performance. In addition to the matched dollars, the federal government provides performance-based incentive funding each year to the Program. Federally matched funds and incentive dollars allow the Program to provide high-quality services with minimal financial impact to the state budget. Implementation of a new child support system will allow the Program to automate basic case functions and redirect worker efforts to the more difficult aspects of case management. The business intelligence component of the new system will provide the Program with the tools necessary for data-driven analysis and process improvement—tools currently unavailable in the legacy system.

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- A Thriving Statewide Economy

- Create Conditions for Business to Grow*

- The Program's relationship with employers is crucial to continued success, and the Program works to minimize the statutory burden on employers as much as possible. By working with the Child Support Program, and its dedicated Employer Services Team, Oregon employers need only work with a single government entity, a single set of forms, and a single group of people exclusively assigned to support them. Additionally, Oregon's Program has received federal recognition for its online Employer Portal that rolled out in 2013 and further enhanced, automated, and simplified the interactions between employers and the Program. Through process improvements, the Program continues to reduce the administrative and compliance burden that Oregon's small businesses face, and encourages them to grow. The new system includes improvements and enhancements to the Employer Portal that will enhance services and increase the ease of use.

- Growing Middle Class*

- Self-sufficiency helps families attain equitable standing in their communities and diminishes reliance on public assistance. The overwhelming societal problem of child poverty can be addressed significantly by the administration of an effective and fiscally responsible child support program—nationally, the child support program is recognized as the fourth-most effective anti-poverty program. The Oregon Child Support Program's efforts with its federal partner to build a modern case management and accounting system move Oregon in this direction.

Program Performance

There is currently no effective way to measure performance as the system is still under construction. The new system will increase overall performance of the Program. System replacement goals are:

- Increase in support collections for families
- Increase in recoveries for state agencies
- Remove increasing risk of CSEAS system catastrophic failure
- Compliance with federal and state regulations and data security requirements
- Data warehousing and business intelligence
- Timely completion of legal actions
- Reduction in manual processes
- Public cost savings

Legislatively Adopted Budget

Performance data for the new system will not be available until the Project is complete and the Division has migrated to the new system.

Enabling Legislation/Program Authorization

Title IV-D of the Social Security Act (42 USC 651 *et seq*) and ORS 180.345 provide authority to the Department of Justice to administer child support services in Oregon. Federally mandated requirements for operating and maintaining a child support program system are in a State Plan required by 45 CFR 302. ORS Chapters 286A.820 through 286A.826 provides the authority and guidance for the use of XI-Q bond funds for this Project.

Funding Streams

The Project's debt service is funded by state general fund. The cost of issuance expenses are funded by the sale of XI-Q bonds.

Significant Proposed Program Changes from 2015-17

There have been no significant changes to the Project from 2015-17. The Legislatively Adopted Budget maintains debt service payments to reflect all previous bond sales. Package 241 adds General Fund debt service related to bond sales in the 2017-19 biennium to continue funding the project.

Legislatively Adopted Budget

Program Narrative

The Division of Child Support (DCS) program is currently undergoing a major IT project that involves debt service and related costs. All states must maintain a child support automated system that meets federal certification requirements. Oregon's current system (CSEAS) is one of the oldest systems in the nation, using components and databases from the 1970s that are difficult to use, and complex to maintain. The DCS program initiated a formal process to replace CSEAS and meet the current and future needs of the program (Child Support System Project). At the Project's conclusion, Oregon will have a web-interface system that combines the best functionality of three of the newest child support systems in the nation.

For more information please refer to the "Child Support Enforcement Automated System" (CSEAS) section of this document.

Legislatively Adopted Budget

Division of Child Support Debt Service

022 – Phase-Outs

Purpose: This package phases out the cost of issuance limitation associated with state XI-Q bond sales in the 2015-2017 biennium for the Project.

How Achieved: Abolished expenditures.

2017-19/2019-21 Staffing Impact: None

Revenue Source: (\$328,570) Other Funds Limited

Legislatively Adopted Budget

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Justice, Dept of
 Pkg: 022 - Phase-out Pgm & One-time Costs

Cross Reference Name: Debt Service and Related Costs
 Cross Reference Number: 13700-187-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
General Fund Obligation Bonds	-	-	(328,570)	-	-	-	(328,570)
Total Revenues	-	-	(\$328,570)	-	-	-	(\$328,570)
Services & Supplies							
Other COI Costs	-	-	(328,570)	-	-	-	(328,570)
Total Services & Supplies	-	-	(\$328,570)	-	-	-	(\$328,570)
Total Expenditures							
Total Expenditures	-	-	(328,570)	-	-	-	(328,570)
Total Expenditures	-	-	(\$328,570)	-	-	-	(\$328,570)
Ending Balance							
Ending Balance	-	-	-	-	-	-	-
Total Ending Balance	-	-	-	-	-	-	-

Legislatively Adopted Budget

Division of Child Support

810 – Statewide Adjustments

Purpose: This package represents changes to State Government Service Charges, DAS price list charges for services and a vacancy rate of 5% made for the Legislatively Adopted Budget. Additionally, this package reduces budget appropriation for interest payments related to previously issued State Article XI-Q bonds that were sold at a premium.

How Achieved: Accounts were adjusted using the DAS published instructions.

2017-19/2019-21 Staffing Impact: None

Revenue Source: (\$156,291) General Fund

Legislatively Adopted Budget

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Justice, Dept of
Pkg: 810 - Statewide Adjustments

Cross Reference Name: Debt Service and Related Costs
Cross Reference Number: 13700-187-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
General Fund Appropriation	(156,291)	-	-	-	-	-	(156,291)
Total Revenues	(\$156,291)	-	-	-	-	-	(\$156,291)
Debt Service							
Interest - Bonds	(156,291)	-	-	-	-	-	(156,291)
Total Debt Service	(\$156,291)	-	-	-	-	-	(\$156,291)
Total Expenditures							
Total Expenditures	(156,291)	-	-	-	-	-	(156,291)
Total Expenditures	(\$156,291)	-	-	-	-	-	(\$156,291)
Ending Balance							
Ending Balance	-	-	-	-	-	-	-
Total Ending Balance	-	-	-	-	-	-	-

Legislatively Adopted Budget

Division of Child Support Debt Service

811 – Budget Reconciliation Adjustments

Purpose: Provides continued funding necessary for the debt service needs surrounding the replacement of the state child support system.

In the 2013-2015 and 2015-2017 Legislatively Approved Budgets, the Department of Justice (DOJ) Division of Child Support (known as the Oregon Child Support Program, with inclusion of 25 participating District Attorney offices) received funding for the state's portion of the cost to replace the state child support system. Due to the scope of the Project, the funding and the Project extend over several biennia. Work started in one biennium extends into the next biennium. Since the 2015 Legislative Session, project team members have worked in partnership with DAS Procurement Services and DOJ procurement attorneys to complete four separate procurements (contractors for Project Management, Quality Assurance, Independent Verification & Validation, and Implementation or System Integrator) to hire the necessary expertise to ensure DOJ meets the project objectives successfully. The project facility was set up with the onboarding of the Implementation Contractor, followed by the baselined schedule and budget. Additionally, Project team members worked with the Office of the State Chief Information Officer (OSCIO) and the Legislative Fiscal Office (LFO) to receive Stage Gate 3 endorsement in January 2016 and Readiness Assessment approval in July 2016. The project continues to move forward with system design, development, and testing. The operational system will begin the phased rollout in 2018 and anticipates implementation statewide in early 2019.

How Achieved: The Department of Justice will develop a child support system that meets the requirements of Title IV-D of the Social Security Act (42 USC 651 *et seq*) and enable the Oregon Child Support Program to continue delivering child support services in Oregon. The System Project anticipates a 34-month design and development period, a nine-month transition period for regional rollouts of the system, and a 22-month maintenance transition period. Accounts were adjusted using the DAS published instructions

2017-19/2019-21 Staffing Impact: None

Legislatively Adopted Budget

Division of Child Support Debt Service

811 – Budget Reconciliation Adjustments (continued)

Quantifying Results: The measure of success for this request is the successful completion of the child support system project and the receipt of federal systems certification related to federal requirements. Federally mandated requirements for operating and maintaining a child support program are in a “State Plan” required by 45 CFR 302. ORS Chapters 25 and 416 set out the processes for obtaining child support services, establishing and enforcing support orders, and the distribution of money. ORS 180.345 provides authority for promulgating administrative rules for child support guidelines (OAR 137-050-0700 et seq), establishing a support obligation, and rules for operation (OAR 137-050-1020 et seq).

Revenue Source:	\$3,391,920	General Fund
	\$317,367	Other Funds Limited
	\$3,709,287	Total Funds

Legislatively Adopted Budget

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Justice, Dept of
Pkg: 811 - Budget Reconciliation Adjustments (HB 5006)

Cross Reference Name: Debt Service and Related Costs
Cross Reference Number: 13700-187-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
General Fund Appropriation	3,391,920	-	-	-	-	-	3,391,920
General Fund Obligation Bonds	-	-	317,367	-	-	-	317,367
Total Revenues	\$3,391,920	-	\$317,367	-	-	-	\$3,709,287
Services & Supplies							
Other COI Costs	-	-	317,367	-	-	-	317,367
Total Services & Supplies	-	-	\$317,367	-	-	-	\$317,367
Debt Service							
Principal - Bonds	2,740,000	-	-	-	-	-	2,740,000
Interest - Bonds	651,920	-	-	-	-	-	651,920
Total Debt Service	\$3,391,920	-	-	-	-	-	\$3,391,920
Total Expenditures							
Total Expenditures	3,391,920	-	317,367	-	-	-	3,709,287
Total Expenditures	\$3,391,920	-	\$317,367	-	-	-	\$3,709,287
Ending Balance							
Ending Balance	-	-	-	-	-	-	-
Total Ending Balance	-	-	-	-	-	-	-

Legislatively Adopted Budget

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Source	Fund	ORBITS		2015-17	2015-17 Estimated	2017-19		
		Revenue Acct	2013-15 Actual	Legislatively Approved		Agency Request	Governor's Budget	Legislatively Adopted
Child Support Debt Service - Other Funds Ltd	3400	0555	\$ -	\$ 328,570	\$ 328,570	\$ 296,280	\$ 311,068	\$ 317,367
Total Other Funds Ltd	3400		\$ -	\$ 328,570	\$ 328,570	\$ 296,280	\$ 311,068	\$ 317,367

Legislatively Adopted Budget

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Justice, Dept of
2017-19 Biennium

Agency Number: 13700

Cross Reference Number: 13700-187-00-00-00000

<i>Source</i>	2013-15 Actuals	2015-17 Leg Adopted Budget	2015-17 Leg Approved Budget	2017-19 Agency Request Budget	2017-19 Governor's Budget	2017-19 Leg Adopted Budget
Other Funds						
General Fund Obligation Bonds	-	205,330	328,570	296,280	311,068	317,367
Total Other Funds	-	\$205,330	\$328,570	\$296,280	\$311,068	\$317,367

Legislatively Adopted Budget

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