

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

P.O. Box 419064, Rancho Cordova, CA 95741-9064



March 29, 2005

CSS LETTER: 05-10

ALL IV-D DIRECTORS
ALL COUNTY ADMINISTRATIVE OFFICERS
ALL BOARDS OF SUPERVISORS

SUBJECT: COLLECTION AND DISBURSEMENT OF CHILD SUPPORT FUNDS

Effective immediately, local child support agencies (LCSA) must cease entering into any new contract, memorandum of understanding (MOU) or other agreement type that changes the following payment receipt and disbursement methods or procedures:

- Electronic Funds Transfers (EFT) from payors
- Credit card payments
- Additional cash payment points outside of the LCSA offices and courts
- Non-recurring debits by IVR or web
- Disbursements using electronic payment cards.

If an LCSA is in the middle of entering into a new contract, MOU, or other agreement type that changes the above processes, or has one that is about to expire, the LCSA should contact its DCSS Regional Administrator for specific instructions on how to proceed. Note that re-negotiating existing contracts or MOUs for rate changes or other administrative changes is allowable. LCSAs that already offer any of the above payment methods, such as EFT or credit card payments can also continue to add new payors and transactions.

The transition of the LCSAs' collection and disbursement activities to the State Disbursement Unit (SDU) are scheduled to begin in waves in October 2005 and continue to full rollout in March 2006. The Department of Child Support Services (DCSS), the Child Support Directors' Association (CSDA), the SDU Service Provider (SDU SP), and other stakeholders have been working together to develop a transition plan which will accomplish a smooth and successful transition of all LCSAs' collection and disbursement activities to the SDU.

Reason for this Transmittal

- State Law or Regulation Change
 Federal Law or Regulation Change
 Court Order or Settlement Change
 Clarification requested by One or More Counties
 Initiated by DCSS

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As a part of this transition planning, the State has baselined the current collection and disbursement processes for each county. Each county has been assigned to an SDU rollout wave based on its current processes. Grouping the counties with like processes in the same waves ensures that all existing payment sources will smoothly transition from the counties to the state in a way that reduces risk and allows the SDU SP to plan the appropriate level of support for the county and its customers as the county transitions to the SDU.

Changing the current baseline creates additional complexities that must be managed and planned for before, during and after the SDU transitions. Transitioning these types of collection and disbursement processes creates risks, as well as issues relative to customer service. The SDU SP has planned for mitigating these risks and issues for those counties that already have these processes in place.

LCSAs should continue to encourage the use of direct deposit for disbursements if that payment option is currently available through the LCSA, as the use of EFT for disbursements by direct deposit is not an issue for the SDU transitions.

The SDU implementation in the coming year will mean that we can offer customers in all counties a variety of payment and disbursement options. The SDU SP is required to establish an EFT program for both collections and disbursements, including direct deposit and electronic payment card disbursements. The SDU SP is also required to support credit card payments.

If you have any questions or concerns regarding the SDU rollout and transition issues, please contact Stephen Fullenwider, CCSAS Fiscal Support Branch, at (916) 464-5365 or, via e-mail at stephen.fullenwider@dcss.ca.gov.

Sincerely,



DIANNE KOELZER
CCSAS Project Leader