



California  
Department of  
Child Support  
Services

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**CONTACT:** T. Maria Caudill  
(916) 464-5188  
Cell (916) 798-0586

## **CENTRALIZED CHILD SUPPORT PAYMENT PROCESSING EXPANDS TO 12 MORE COUNTIES**

### ***California Increases its Ability to Provide Support to Families***

SACRAMENTO—Child support payment collection and processing today transitioned from local child support agencies in 12 counties to a single statewide payment processing center, the California State Disbursement Unit (SDU). This transition marks the second phase of the Department of Child Support Services' (DCSS) implementation of federal automation and centralized payment processing requirements.

“California is well on its way to meeting federal requirements and expanding its ability to put child support dollars into the hands of children and families,” said DCSS Director Greta Wallace.

The SDU is responsible for the collection and disbursement of all child support payments previously processed by local child support agencies. Californians with private child support orders, who do not pay through wage withholding, will not be affected by the centralized payment processing system.

The 12 county child support agencies transitioning to the centralized system today—El Dorado, Fresno, Inyo/Mono, Kern, Lassen, Merced, Orange, Santa Cruz/San Benito, Stanislaus and Tehama—represent approximately 17 percent of the statewide child support caseload, bringing the total to 27 percent of the entire caseload receiving service from the centralized distribution system.

In November 2005, 11 local child support agencies—Amador, Alpine, Calaveras, Kings, Modoc, Nevada, San Joaquin, Santa Clara, Sierra, Siskiyou and Tulare—were the first wave of counties to transition to the SDU. In its first few weeks of operation in these counties, the SDU has issued approximately \$25 million in child support payments to families resulting from approximately \$33 million in child support collections.

The centralized system will provide the following enhanced services to families receiving support and parents making support payments:

- Web and toll-free call center access to information.
- Direct deposit services for families receiving support payments, a new service in many counties.
- Instant access to dollars through electronic payment cards, similar to ATM or debit cards, which can be used at ATM machines as well as retail outlets—available in summer 2006.

Families impacted by this change have been informed by DCSS and their local child support agencies. During the transition period, child support customers can expect their child support check and envelope to have a new look; payments to be sent from the SDU's central location; payments to continue to be made to local child support agencies; and local child support agencies to remain the primary point of contact for families and parents with questions about payments.

“We will continue to work with our local partners to ease county transitions and to provide quality service to the California children and families who rely on this critical assistance,” said Wallace.



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During the transition period, county child support agencies will forward child support payments daily to the SDU for processing. This forwarding process will initially delay child support payments for a few days, but is essential to ensuring accurate payment processing as counties convert to the statewide system.

Those initial delays will be eliminated in summer 2006 when the SDU is fully operational. At that time, child support payments formerly handled by local child support agencies and all wage withholding payments will be sent directly to the SDU.

DCSS is responsible for ensuring that all functions necessary to establish, collect and distribute child support are effectively and efficiently implemented. In 2004, the state program collected \$2.3 billion and served more than two million children.

Child support program services are delivered through 52 local child support agencies. The following services are available at no cost to the public: locating a parent; establishing paternity; establishing, modifying and enforcing a court order for child support; and establishing, modifying and enforcing an order for health insurance coverage.

For more information, log on to <http://www.childsup.ca.gov/>.

## **BACKGROUND**

Federal law requires states to implement a single statewide automated child support system, including a single location for processing all child support collections and payments, to provide statewide case management capabilities and to streamline and reduce the costs associated with the receipt and disbursement of child support collections. California's delay in meeting this requirement has resulted in having to pay significant federal penalties, which will end when the system qualifies for federal certification in September 2006.

In 1999, state legislation was enacted requiring the Franchise Tax Board (FTB) to procure a performance-based contract for a single statewide automated system, now referred to as the California Child Support Automation System (CCSAS). The CCSAS project is overseen by DCSS and managed by FTB.

The CCSAS exemplifies the ability of state entities—DCSS and FTB—to work together to develop an automated system that will give state and local officials the necessary tools to better serve the public.

DCSS has also sought the active participation of local child support agencies in the CCSAS and SDU projects. Through the Child Support Directors Association (CSDA) and its various committees, local child support officials participate in every major aspect of the statewide system's development and implementation. This ongoing partnership is a critical component in the state's efforts to develop a system that will better serve California families and increase the state's ability to put child support dollars into the hands of children and families.

In February 2006, the third wave of county child support agencies—Imperial, Riverside, San Bernardino, San Luis Obispo, Santa Barbara and Ventura—will transition to the SDU, which will be fully operational statewide in summer 2006.

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## State Disbursement Unit

### *Fact Sheet*

Federal law requires states to have a single statewide automated child support system, including a single location for processing all child support collections and payments. The delay in meeting this requirement has resulted in California paying more than \$750 million in penalties. Those federal penalties will stop when the new automated statewide system is in place.

To meet federal requirements, the California Department of Child Support Services (DCSS) is implementing a central payment processing site called the State Disbursement Unit (SDU). The SDU is responsible for collection and disbursement of all child support payments previously processed by the state's 52 local child support agencies, plus all wage assignment payments for private child support orders not currently processed by local child support agencies.

In November 2005, eleven local child support agencies—Amador, Alpine, Calaveras, Kings, Modoc, Nevada, San Joaquin, Santa Clara, Sierra, Siskiyou and Tulare—were the first wave of counties to transition to the SDU. Wave 1 counties comprise approximately 9 percent of the state's child support caseload or 170,000 child support cases. In its first few weeks of operation the SDU has processed approximately \$33 million in child support payments and issued approximately \$25 million in child support payments to families.

### Enhanced Services

Families receiving support, parents making support payments, and employers will receive enhanced services from the new system such as:

- Web and toll-free call center access to information.
- Immediate access to direct deposit services for families receiving support payments, if not already available.
- Beginning in summer 2006, families can get instant access to support dollars through electronic payment cards, similar to ATM or debit cards, which can be used at ATM machines as well as retail outlets.
- Parents can make payments using credit cards over a secure internet connection and set up electronic payment transfers from a checking or savings account.

Employers will be able to electronically transfer payments for wage withholding directly to the state and will have access to an Electronic Help Desk.

### Implementation

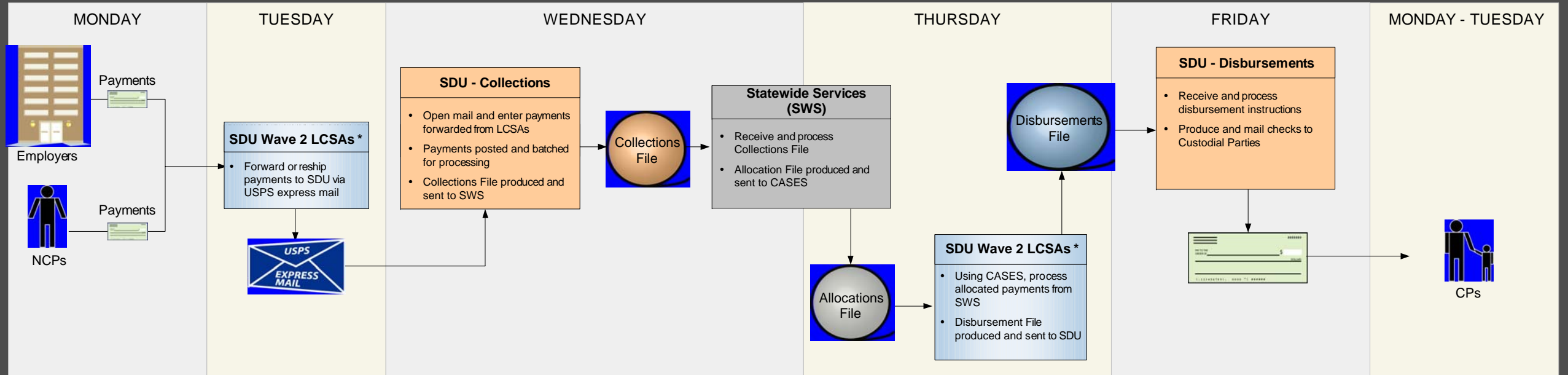
To minimize the impact on customers and ensure smooth local transitions, SDU implementation is being phased in statewide in a series of waves. During SDU transition, local child support agencies will forward child support payments daily via express mail services to the SDU for processing. This extra step during system transition will add a few days to when families usually receive their child support payments. Outreach in transitioning counties is being jointly provided by DCSS and local child support agencies.

- Wave 2 counties, representing approximately 17 percent of the state's child support caseload or 310,000 cases, will transition to the SDU in January 2006. Wave 2 counties are: Inyo/Mono, Lassen, Tehama, El Dorado, Santa Cruz/San Benito, Merced, Stanislaus, Kern, Fresno and Orange.
- Wave 3 counties, representing approximately 18 percent of the state's caseload or 322,500 cases, will transition in February 2006. Wave 3 counties are: San Luis Obispo, Imperial, Santa Barbara, Ventura, Riverside and San Bernardino.

In summer 2006 when SDU implementation is complete, child support payments handled by local child support agencies and all wage withholding payments will be redirected to the SDU.

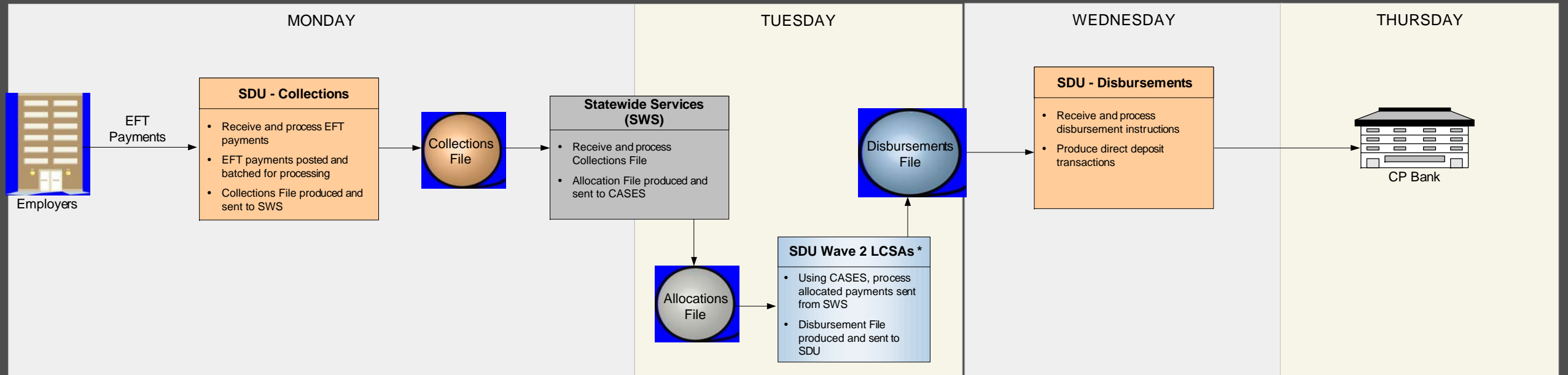
For more information, log on to [www.childsup.ca.gov](http://www.childsup.ca.gov).

# General Payment Processing Flow During SDU Transition



\* El Dorado | Fresno | Inyo/Mono | Kern | Lassen | Merced Orange | Santa Cruz/San Benito | Stanislaus | Tehama

# General Payment Processing Timeline (EFT and Direct Deposit)



\* EFTs and Direct Deposits begins in Dec 05 - these tools will become more widespread throughout the SDU rollout and beyond