

**Assembly Joint Resolution**

**No. 17**

**Introduced by Assembly Member Jones**

March 30, 2005

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Assembly Joint Resolution No. 17—Relative to child support penalties.

LEGISLATIVE COUNSEL'S DIGEST

AJR 17, as introduced, Jones. Child support penalties.

This measure would request the Congress of the United States to revise the method used to assess federal penalties imposed for the failure of a state to fully implement a certified statewide child support automation system, as specified.

Fiscal committee: no.

1 WHEREAS, California and other states have been subject to  
2 federal penalties since 1998 due to their failure to fully  
3 implement a certified statewide child support automation system  
4 and these penalties, which have increased from 4 percent to 30  
5 percent of the federal share of the Department of Child Support  
6 Services program's administrative costs, are levied against the  
7 state until the state has a certified statewide automation system in  
8 place; and  
9 WHEREAS, California reached the 30 percent penalty level in  
10 the 2002 federal fiscal year and has incurred a total penalty of  
11 \$754 million through the 2004 federal fiscal year; and  
12 WHEREAS, California's child support automated system is  
13 expected to be operational by the 2006 federal fiscal year, by  
14 which time California's cumulative penalties will have reached  
15 \$1.2 billion; and

1 WHEREAS, California entered into a contract in July 2003  
2 with a team of vendors led by IBM for development of the child  
3 support enforcement system component of the California Child  
4 Support Automation System, California entered into a services  
5 contract in December 2004 with Bank of America to operate the  
6 State Disbursement Unit, the second component of the California  
7 Child Support Automation System, and California is well along  
8 the way toward securing a statewide automation system that will  
9 comply with all the federal certification requirements and  
10 improve program performance; and

11 WHEREAS, The federal penalties no longer serve their  
12 intended purpose and in fact: (a) penalize the state for increasing  
13 its spending on program improvements and automation  
14 development; (b) force system procurement and technology  
15 decisions to focus on avoiding federal penalties, rather than  
16 prudent technology goals and system objectives; and (c) reduce  
17 the ability of the program to continue to collect child support  
18 payments for largely low-income families who have left the  
19 welfare system or are able to avoid relying on welfare; and

20 WHEREAS, The Legislature supports the policy directives of  
21 the National Governors Association, the National Conference of  
22 State Legislatures, the American Public Human Services  
23 Association and other organizations that urge penalty  
24 reinvestment to help states both complete automation and  
25 improve child support performance; and

26 WHEREAS, The Legislature supports changing the penalty  
27 structure to ensure that states are not penalized for increased  
28 investment in the program and for system development costs by  
29 imposing penalties based on the year prior to the year penalties  
30 were first imposed, rather than the prior year; now, therefore, be  
31 it

32 *Resolved by the Assembly and Senate of the State of*  
33 *California, jointly, That the Legislature respectfully*  
34 *memorializes the Congress of the United States, and each*  
35 *Senator and Representative from California in the Congress of*  
36 *the United States to enact legislation to (a) allow states that have*  
37 *been assessed federal penalties to reinvest those child support*  
38 *automation penalties in child support program improvements and*  
39 *automation system development, which would allow California*  
40 *and other states to enhance and improve their child support*

1 automation systems; and (b) impose the penalty based on the  
2 year prior to when penalties were first imposed, as opposed to the  
3 prior year, to avoid penalizing states for increased program  
4 investments and system development costs; and be it further

5 *Resolved*, That the Chief Clerk of the Assembly transmit  
6 copies of this resolution to the Speaker of the House of  
7 Representatives, the President of the Senate, and each Senator  
8 and Representative from California in the Congress of the United  
9 States.

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