



Oregon Department of Justice

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Division of Child Support

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April 2, 2021

Senator Chris Gorsek, Co-Chair
Representative Janeen Sollman, Co-Chair
Public Safety Subcommittee
Joint Committee on Ways and Means
Oregon Legislative Assembly

*Re: DOJ Response to Public Safety Subcommittee HB 5014 Hearing Questions
Division of Child Support*

Dear Co-Chairs Gorsek and Sollman:

During the Public Hearing on HB 5014, the Oregon Department of Justice budget, on both Monday, March 29, and Wednesday, March 31, Senator Hansell and Co-Chair Gorsek posed questions related to a couple matters. Although both were partly addressed on the record, Co-Chair Gorsek invited further response. Below are the questions and answers in turn.

Question from Senator Hansell: Why is “Child Support Collections: \$1 million daily” listed under Other Funds for Revenue Sources on the DAS representative’s presentation slides, and what does it mean?

Answer: This item on the slide is an error. The figure does not represent Other Funds or a revenue source. The figure refers to the collections processed by the Division of Child Support, which average about \$1 million per calendar day (or \$1.4 million per business day). However, nearly all of that is *not* government funds subject to the legislature’s authority. Those dollars are child support collections being transferred from the paying parent to the parent receiving support. The funds are passed through to the family receiving support. The figure that should have been listed on the Revenue Sources slide for Other Funds related to the Division of Child Support for the 21-23 biennium is \$22,561,900. That figure includes the TANF recoveries appropriated as Other Funds for operating costs of the Division of Child Support.

Question from Co-Chair Gorsek: We see the impacts from the Governor’s Recommended Budget, plus the impacts for the 10% reductions. Are there any other things not necessarily in the POPs that would help this part of the agency? That is, in an ideal world, if we could do something else, what might that be? *** Would you have an estimate of the cost of the long-term support and investment in your new system?

Answer: To augment the very general response made on the record, at Co-Chair Gorsek’s invitation, we offer the following two-part response and Appendix A.

The **first part** reiterates the request that the Division of Child Support’s budget be funded at its Current Service Level, with the addition of the POPs requesting some staffing requests for certain positions and reclassifications. Also included are some needs that arose more recently of which the Division has already made LFO aware. All of these are enumerated, with description and fund detail, in Appendix A.

The **second part** more directly responds to Senator Gorsek’s question and follow-up question about the “something else” that would “help this part of the agency” and the estimate of cost for the next level of investment in the new system that was mentioned during the hearing testimony. This request would be for one-time expenditures that would lead to both substantial long-term cost savings and position the Oregon Child Support Program to significantly improve its reach and service to families in need of its services, especially those in vulnerable situations and marginalized populations.

This request would achieve necessary and critical support for the newly completed child support system (Origin) and would be achieved by (1) a **migration to the government cloud** to host Origin, and (2) a **conversion of one of Origin’s development frameworks**, which was inherited as part of the transfer system but is at end of life, to a current development framework that is supported and secure.

In response to a budget note—and an identified need—the DOJ and Division of Child Support have just completed a Cost-Benefit Analysis for migrating Origin from its existing third-party hosting provider to another hosting provider. With the State of Oregon adopting a “Cloud Forward” strategy, and its partnership with cloud services providers, and as good stewards of state resources, DOJ was compelled to consider such third-party providers in any Origin migration plan. The results of the analysis have led to the conclusion that **migrating Origin to a cloud IaaS solution** with refactoring as the initial priority, and an eye toward rearchitecting, provides the opportunity for DOJ and the state to realize immediate cost savings from the status quo, provides the agility to take advantage of even more cloud benefits, and aligns DOJ with the Cloud Forward guiding principles. Such a migration is a major undertaking, and the timeline estimate is 18 months. The cost-benefit analysis concludes that the one-time cost range for a cloud migration for Origin is between \$2.7 and \$3.1 million. The total estimated savings over status quo over the next three biennia is more than \$5–\$7 million.

The second aspect is a **conversion of the development framework** that supports Origin’s web-based system and pages. Origin was built as a hybrid transfer system, primarily based on California’s child support system. Unfortunately, one of the inherited development frameworks is no longer supported, which creates a security and maintenance risk. To maintain the integrity of the system and meet its federal requirements, the conversion to a new development framework is necessary. The one-time estimated cost of the conversion is \$6.3 million.

The Division of Child Support recommends that the conversion and the migration efforts be combined to both maximize resources and realize a savings. This effort would maximize the return on the major investment in the new system, Origin, and allow improvements in the service delivery to Oregonians who are working to pay their child support and the vulnerable families who depend on it every day. The return on investment is even greater due to the federal government paying two-thirds of the costs—meaning the 34% state portion of this combined project would range from \$3.8 million to \$4.6 million.

Thank you for your courtesies in both the questions and permitting more thorough answers. We are happy to answer any further questions.

Yours very truly,



Kate Cooper Richardson
Director, Division of Child Support &
Oregon Child Support Program

Encl: Appendix A

2021-23 Unfunded Costs - DOJ Division of Child Support

		Positions	FTE	GF	OF	FF	Total
CSL		567	564.48	\$40,836,772	\$28,866,658	\$130,869,412	\$200,572,842
GRB	Analyst Recommendation	486	484.09	\$38,104,096	\$21,663,568	\$114,304,343	\$174,072,007
Policy Option Packages to Add back	Description	Positions	FTE	GF	OF	FF	Total Funds
090	Add back Analyst Adjustments- These adjustments removed another 15 FTE using specific classifications. These vacancies were either in the process of being filled or were positions that had not phased in at the time of GRB. The adjustment also cut general fund payments to our DA partners by 20%. The DA offices are already having funding issues.	15	15.00	\$1,449,000	\$361,292	\$2,265,885	\$4,076,177
091	Add back elimination of S&S Inflation- removes the ability to keep pace with rising costs.			\$367,445	\$442,772	\$1,277,035	\$2,087,252
092	Add back Personal Services Adjustment - Increase to Vacancy factor. Our Division was forced to hold vacancies in order to pay AAG and Intraagency charges that were underfunded. By removing this additional funding and not funding those line items from past biennia the Division will have no avenue to pay the costs which are not in the Division's control.			\$559,458	\$99,771	\$1,285,175	\$1,944,404
100	Reconcile Intra-Agency Charges: To enable the Division of Child Support to fund the changes requested by the Department's Administrative Service Division through Policy Option Packages for the 2021-23 budget cycle			\$274,025		\$531,929	\$805,954
101	Reclassification of Positions: To reclassify Division's Policy Team positions to classifications that are appropriate for the work performed.			\$45,622		\$88,561	\$134,183
480	Restoration of Revenue Reduction: The shortfall in TANF Other Funds from Package 070 is offset with increased General Fund, thereby allowing restoration of 66 permanent positions / 65.39 FTE. This request substitutes General Fund for the lost Other Funds revenues required for the state fund share of the operating budget.	66	65.39	\$5,342,622		\$10,372,248	\$15,714,870
481	Attorney General charges and Intra-agency charge shortfalls from previous biennia: To align actual charges with available funding. Attorney General charges and intra-agency charges are generated by the legal and administration divisions of the Department of Justice for essential services rendered to the Division of Child Support and the Oregon Child Support Program. Due to underfunding in the 2019-21 legislatively adopted budget, there is a significant shortfall in funding. The services provided to the Division are not optional, such as accounting, payroll, human resources, information technology, and significant legal services for necessary operation of this legal-based program in judicial and administrative forums.	0	0.00	\$2,802,872		\$1,954,005	\$4,756,877

2021-23 Unfunded Costs - DOJ Division of Child Support

		Positions	FTE	GF	OF	FF	Total
484	Specialized Child Support Positions: The project to replace the child support automated system required a collaborative effort among a number of vendors (which provided most of the FTE) and the Division of Child Support. As the project concludes in May 2021, the Division has identified its needs for operations and maintenance and for associated business processes. As anticipated at the onset of the project, staffing levels must be permanently increased in the Division's business and technology teams to ensure that Origin remains an evolving, viable state-managed computer system for the next 25 years	14	12.25	\$1,073,365		\$2,077,966	\$3,151,331
Additional IT ; POP _____	The DOJ Division of Child Support originally requested additional funding for IBM licenses for the child support system (Origin) in the 2019-2021 legislative session. At that time, it was believed DOJ would be able to negotiate a two-year license renewal for approximately \$1.1 million. In September 2020, DOJ was unable to negotiate a two-year term, and the license renewals for a one-year term are \$1.1 million. The Division budget is insufficient to cover the additional \$1.1 million with inflation for state fiscal year 2023.	0	0.00	\$386,536		\$750,334	\$1,136,870
Additional IT ; POP _____	Although the DOJ Division of Child Support's formal Oregon Child Support System Project is wrapping up in May 2021, the transition to full state management of operations and maintenance has been delayed due to the pandemic. An extension of the contract with the Division's implementation vendor (Deloitte) for Origin (new child support system) is necessary because of delays in the technical training and knowledge transfer. The pandemic also led to multiple failed recruitments because successful candidates declined to relocate to Oregon from out of state during a pandemic, adding further delays to training and successful transition to the DOJ technology team.	0	0.00	\$1,134,353		\$2,201,980	\$3,336,333
Total		95	92.64	\$13,435,298	\$903,835	\$22,805,118	\$37,144,251

Total Adjustments Requested to Maintain Current Services	81	80.39	\$11,227,580	\$903,835	\$18,525,172	\$30,656,587
Additional Resources Requested	14	12.25	\$2,207,718	\$0	\$4,279,946	\$6,487,664
Total	95	92.64	\$13,435,298	\$903,835	\$22,805,118	\$37,144,251

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