

## ACT 96

H.B. NO. 1613

A Bill for an Act Making an Emergency Appropriation for Automated Systems Development for the Department of the Attorney General.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. This Act is recommended by the governor for immediate passage in accordance with section 9 of article VII of the Constitution of the State of Hawaii.

SECTION 2. Act 289, Session Laws of Hawaii 1993, appropriated \$2,561,860 in trust funds to be used for the State share of the contract with Network Six, Inc. (NSI) for the design and installation of an automated child support enforcement system (KEIKI) meeting and exceeding federal specifications. The trust funds were revenues which the Child Support Enforcement Agency (CSEA) received from the federal government as incentive payments based on CSEA's rate of collection of child support. No general funds were appropriated for the contract with NSI.

A critical funding emergency exists. In 1993, CSEA contracted with NSI for \$20,656,155 to design and install an automated child support enforcement system meeting and exceeding federal specifications. The deadline for performance was originally September 30, 1995, but was subsequently extended to September 30, 1996. However, due to NSI's non-performance of the \$25,306,650 contract, as amended, the Department of the Attorney General terminated the contract on September 23, 1996. The Department of the Attorney General is pursuing legal remedies to exact damages and penalties to recover the costs associated with the completion of the KEIKI project from NSI.

By September 30, 1997, CSEA must have an automated child support enforcement system meeting federal specifications. Failure to meet this federal deadline exposes the State to financial penalties and loss of federal funding. Up until September 30, 1997, the State qualifies for ninety per cent federal funding of the new system. For work performed after that deadline, the State's share increases from ten per cent to thirty-four per cent, which means the State has to spend twenty-four per cent more. In addition, unless the State has a certifiable system by the deadline, the State's child support enforcement program will be out of compliance with federal requirements, which subjects the State to the risk of other financial penalties. Furthermore, the State needs to be able to proceed expeditiously with the

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computer system enhancements required by the Welfare Reform Act of 1996, for which eighty per cent federal funding is available. Finally, without the new computer system, CSEA will not be able to increase child support collections, reduce delays in getting child support payments to children and custodial parents, and track delinquent parents more effectively. CSEA is already the defendant in a suit by parents who are seeking damages for CSEA's alleged failure to perform its child support collection duties adequately. Such suits also have been brought in other states, and the U.S. Department of Justice has recently decided to file a brief supporting parents' rights to bring such an action against child support enforcement agencies.

A new contractor, Lockheed Martin IMS, Inc., has been contacted to complete the KEIKI project. However, the negotiated cost for completion (\$19,125,028 of which \$2,944,000 is state matching funds) exceeds the remaining balance of contract funds from the initial contract with NSI. The State has already invested over \$11 million (\$1,100,000 state matching funds) in project development and implementation.

The purpose of this Act is to appropriate general fund moneys to allow Lockheed Martin IMS, Inc. to complete the development, installation, and implementation of the KEIKI system. Lockheed Martin will install a certifiable KEIKI system by September 30, 1997, and subsequently will install the complete system, including certain requirements of the new federal welfare reform act, by September 30, 1998.

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$2,100,000 or so much thereof that may be necessary for fiscal year 1996-1997 for the purpose of this Act.

SECTION 4. The sum appropriated shall be expended by the department of the attorney general.

SECTION 5. This Act shall take effect upon its approval.

(Approved May 2, 1997.)