

Date of Hearing: April 7, 2026

ASSEMBLY COMMITTEE ON JUDICIARY  
Ash Kalra, Chair  
AB 2395 (Sharp-Collins) – As Introduced February 20, 2026

**SUBJECT:** CHILD SUPPORT: COMPROMISE OF ARREARS PROGRAM

**KEY ISSUE:** SHOULD THE LEGISLATURE CODIFY A STANDARDIZED PROCESS TO REVIEW APPLICATIONS FOR THE STATEWIDE COMPROMISE OF ARREARS PROGRAM?

**SYNOPSIS**

*Under existing law, a custodial parent who receives CalWORKS must assign any child support order they are entitled to receive while they are enrolled in the program to the state. This requirement is a result of a combination of federal and state law, and can result in a noncustodial parent (or obligor) owing significant amounts to the state, which accrues interest at an astronomical rate of 10% annually. Recognizing the detrimental impact that owing such massive amounts to the state, for an order that is issued to presumably be sent to a minor child and custodial parent, the state implemented the compromise of arrears program (COAP). Under COAP, a qualifying obligor can apply to have a portion of their state-owed arrears forgiven, thereby easing the crushing weight that may keep them from making ends meet and, particularly for low-income obligors, sinking them into deeper poverty. Despite COAP's status as a state-wide program, the proponents contend that there is inconsistent application of COAP. This bill seeks to establish standard procedures and timelines for local child support agencies (LCSAs) to respond and process COAP applications. The California Child Support Association (CalCSA) raises concern that the bill in print would impose hefty administrative burdens on the LCSAs, but appear to agree with the sponsors and author on their goal of ensuring a functioning COAP.*

*This bill is sponsored by the Western Center on Law and Poverty. It is further supported by a coalition of organizations that advocate on behalf of low-income communities and legal services organizations. It is opposed by the California Child Support Association (CalCSA). Should this bill pass out of this Committee, it will be heard next by the Committee on Human Services.*

**SUMMARY:** Establishes procedures for accepting and responding to applications to the compromise of arrears program. Specifically, **this bill:**

- 1) Authorizes, rather than requires, an offer in compromise extended under the statewide compromise of arrears program to an obligor who owes current child support to require the obligor to be in compliance with the current support order for a set period of time before any arrears and interest accrued thereon may be compromised.
- 2) Authorizes the director's designee to determine that it is in the best interest of the state not to rescind an offer in compromise entered into under the statewide compromise of arrears program.
- 3) Authorizes the director to delegate to the administrator of a local child support agency authority to compromise an amount of child support arrears up to ten thousand dollars, increased from five thousand dollars.

- 4) Strikes the provision making a determination by the administrator, director or the director's designee within the department that it would not be in the best interest of the state to accept or rescind an offer in compromise in satisfaction of child support arrears final and not subject to the complaint review process of Chapter 5 of Division 17, or judicial review.
- 5) Requires any program established and operated by the department or delegated to the administrator of a local child support agency to be subject to the following requirements in order to ensure that the compromise of arrears program operates uniformly throughout the state:
  - a) No later than 180 days after the chapter date of the act that added this section, the department, in consultation with stakeholders, shall promulgate regulations to implement the requirements of this section. Program regulations, policies and procedures, and forms adopted pursuant to this section shall be made available on the department's internet website. Notwithstanding the Administrative Procedure Act, the department may implement and administer this section through a child support services letter or similar instruction until regulations are adopted;
  - b) The department shall create uniform application forms to be used by local child support agencies subject to the following:
    - i) The application shall not require the applicant to make an offer of repayment;
    - ii) The application shall inform the applicant of their right to use the complaint resolution process for any action on their application or if the local child support agency fails to take any action within the time frames set forth in this section, and shall indicate where applicants can find the forms and procedures for the local child support agencies' complaint resolution process.
  - c) The department shall create uniform notice requirements and procedures to be used by local child support agencies subject to the following:
    - i) Each local child support agency shall include information about the compromise of arrears program on their website, including a copy of all application forms and instructions, and a designated telephone number or email for individuals to contact the local child support agency about the compromise of arrears program;
    - ii) Within 30 days of receipt of an application, the local child support agency shall review and provide written notice to the applicant if the application is incomplete and what additional information is required;
    - iii) Any complete application shall be acted upon within 90 days of the submission of the complete application. The local child support agency shall provide the applicant with a written notice of action approving or denying the application. If the application is denied, the notice of action shall include the basis for the denial, information regarding the right to reapply and the right to use the complaint resolution process. The notice of action shall also include where applicants can find the uniform forms and procedures for the local child support agency's complaint resolution process;

- iv) If an application is withdrawn or denied, or a repayment agreement is rescinded, there shall be no waiting period before the obligor can reapply;
  - v) Each local child support agency shall provide written notice once annually to all obligors whose administrative files meet standards set by the department indicating they may be eligible for debt reduction pursuant to this section and Section 17560.
- d) The department shall establish uniform eligibility and repayment standards subject to the following:
- i) Within 60 days of the submission of a complete application, the local child support agency shall provide written notice to applicants of their repayment options based on the uniform eligibility and repayment standards. The notice shall inform applicants of specified factors and provide an opportunity for the applicant to submit additional information and verification to support a lower repayment amount;
  - ii) Local child support agencies may negotiate a repayment amount that is less than the repayment amount that corresponds with the applicant's eligibility standards, subject to the approval by the LCSA IV-D Director or designee in consideration of one or more of the documented following circumstances:
    - (1) Anticipated income, payments or assets;
    - (2) Anticipated collections, in the absence of a compromise;
    - (3) Necessary expenditures not accounted for in the eligibility standards;
    - (4) Age of the arrearage or other fees and costs;
    - (5) Individual hardship circumstances;
    - (6) Employment history and barriers;
    - (7) Whether the order was based on imputed income;
    - (8) Incarceration history.
- e) The department shall establish reporting requirements for local child support agencies to submit on a regular basis regarding their implementation of this section and Section 17560 to allow the department to evaluate the uniformity and effectiveness of the program.

**EXISTING LAW:**

- 1) Establishes DCSS as the single statewide agency responsible for the administration and management of California's child support enforcement program. (Family Code Section 17202.)
- 2) Requires, at the local level, the child support enforcement program to be run by LCSAs, which have the responsibility for promptly and effectively establishing, modifying, and enforcing child support obligations. (Family Code Section 17400.)

- 3) Establishes a formula to calculate support orders under the state child support guideline. (Family Code Section 4050 *et seq.*)
- 4) Provides that interest accrues at the rate of 10% per annum on the principal amount of a money judgment remaining unsatisfied. (Code of Civil Procedure Section 685.010.)
- 5) Establishes the federal Temporary Assistance for Needy Families (TANF) program to provide aid and welfare-to-work services to eligible families and, in California, provides that TANF funds for welfare-to-work services are administered through the California Work Opportunity and Responsibility to Kids (CalWORKs) program. Establishes income, asset and real property limits used to determine eligibility for the CalWORKs program. (42 U.S.C. 601 *et seq.*; Welfare & Institutions Code Section 11200 *et seq.*)
- 6) Provides that, as a condition of eligibility for cash assistance, an applicant or recipient must assign to the state their rights to any child support owed during the receipt of benefits, as provided, in an amount not to exceed the total cash assistance provided to the family. (Welfare & Institutions Code Section 11477.)
- 7) Requires LCSAs to pay to families receiving cash assistance the first \$100 of any child support collected in a month for one child, or the first \$200 for a family with two or more children, in which the child support is due, and that payment cannot be deducted from the amount of assistance to which the family would otherwise be eligible. (Family Code Section 17504.)
- 8) Requires the department to establish and operate a statewide compromise of arrears program pursuant to which the department may accept offers in compromise of child support arrears and interest accrued thereon owed to the state for reimbursement of aid paid pursuant to Chapter 2 (commencing with Section 11200) of Part 3 of Division 9 of the Welfare and Institutions Code. Requires the program to operate uniformly across California and to take into consideration the needs of the children subject to the child support order and the obligor's ability to pay. (Family Code Section 17560 (a).)
- 9) If the obligor owes current child support, requires the offer in compromise to require the obligor to be in compliance with the current support order for a set period of time before any arrears and interest accrued thereon may be compromised. (Family Code Section 17560 (b).)
- 10) Requires the director to delegate to the administrator of a local child support agency the authority to compromise an amount of child support arrears up to five thousand dollars (\$5,000), and may delegate additional authority to compromise up to an amount determined by the director to support the effective administration of the offers in compromise program. (Family Code Section 17560 (e).)
- 11) Makes a determination by the administrator, director or the director's designee within the department that it would not be in the best interest of the state to accept or rescind an offer in compromise in satisfaction of child support arrears final and not subject to the provisions of Chapter 5 (commencing with Section 17800) of Division 17, or subject to judicial review. (Family Code Section 17560 (g).)
- 12) Requires each local child support agency to maintain a complaint resolution process. Requires the department to specify by regulation uniform forms and procedures that each

local child support agency shall use in resolving all complaints received from custodial and noncustodial parents. Requires a complaint to be made within 90 days after the custodial or noncustodial parent affected knew or should have known of the child support action complained of. Requires the local child support agency to provide a written resolution of the complaint within 30 days of the receipt of the complaint. Authorizes the director of the local child support agency to extend the period for resolution of the complaint an additional 30 days in accordance with the regulations adopted pursuant to Section 17804. (Section 17800.)

- 13) Entitles a custodial or noncustodial parent who is dissatisfied with the local child support agency's resolution of a complaint an opportunity for a state hearing when one or more of the following actions or failures to take action by the department or the local child support agency is claimed by the parent:
  - a) An application for child support services has been denied or has not been acted upon within the required timeframe;
  - b) The child support services case has been acted upon in violation of state or federal law or regulation or department letter ruling, or has not yet been acted upon within the required timeframe, including services for the establishment, modification, and enforcement of child support orders and child support accountings;
  - c) Child support collections have not been distributed or have been distributed or disbursed incorrectly, or the amount of child support arrears, as calculated by the department or the local child support agency is inaccurate. The amount of the court order for support, including current support and arrears, is not subject to a hearing under this section;
  - d) The child support agency's decision to close a child support case. (Family Code Section 17801 (a).)
- 14) As a condition of eligibility for aid paid under CalWORKS, requires each applicant or recipient to do all of the following:
  - a) For applications received before October 1, 2009, assign to the county any rights to support from any other person the applicant or recipient may have on their own behalf or on behalf of any other family member for whom the applicant or recipient is applying for or receiving aid, not exceeding the total amount of cash assistance provided to the family under the chapter. Makes receipt of public assistance under this chapter an assignment by operation of law, and makes an assignment of support rights to the county constitute an assignment to the state.
  - b) For an application received on or after October 1, 2009, assign to the county any rights to support from any other person the applicant or recipient may have on their own behalf, or on behalf of any other family member for whom the applicant or recipient is receiving aid. Makes this assignment apply only to the support that accrues during the period of time that the applicant is receiving assistance under this chapter, and prohibits the total amount from exceeding the total amount of cash assistance provided.

**FISCAL EFFECT:** As currently in print this bill is keyed fiscal.

**COMMENTS:** When families apply for CalWORKs – California’s TANF program – they are required to assign to the county their rights to any child support owed during the period they receive assistance and to cooperate with the child support program in enforcement efforts. As of 2022, the first \$100 of a child support order collected for one child or \$200 for two or more children is passed on by the state to the custodial parent each month. This amount is referred to as “pass-through” support. The remaining amount collected is retained by the state and distributed between the county, state, and repaid to the federal government. Once a family leaves assistance (then referred to as “formerly assisted”), the family is paid the current support and any arrears owed them first and the government recoups what is owed to them – the amount of support due when the family was on assistance, up to the amount of assistance paid to the family – after the family is fully paid. In no event can the government retain more than what was paid out in assistance. Recent changes in department policy have allowed greater pass-through amounts for formerly assisted families. (For more information on state arrears and pass-through, see: <https://lao.ca.gov/Publications/Report/4861>.)

Recognizing the significant amount of arrears owed to the state as a result of CalWORKS participation, and the exacerbating effect those arrears were likely to have on low-income families, the Legislature enacted the compromise of arrears program (COAP). Under COAP, an eligible obligor can apply to have up to \$5,000 of their debt forgiven, subject to an agreement between the obligor and the department. The COAP program can be found at Family Code Section 17560.

According to a study conducted by the Urban Institute, participants in pilot programs throughout the state that had their state-owed debt eliminated were able to more consistently comply with their active support order, increasing their compliance rate by 18 – 28%. The study reflected compounding benefits to debt relief: increased compliance seemingly led to higher credit scores, which facilitated access to car loans and better housing, reducing barriers to steady employment and a decrease in license suspensions and allowing for overall improvement in their relationships with their children. (Heather Hahn et al, *Relief from Government-Owed Child Support Debt and Its Effects on Parents and Children: Evaluation of the San Francisco Child Support Debt Relief Pilot* (August 28, 2019) The Urban Institute, ix – x available at: [https://www.urban.org/sites/default/files/publication/100812/relief\\_from\\_government-owed\\_child\\_support\\_debt\\_and\\_its\\_effects\\_on\\_parents\\_and\\_children\\_4.pdf](https://www.urban.org/sites/default/files/publication/100812/relief_from_government-owed_child_support_debt_and_its_effects_on_parents_and_children_4.pdf).)

**This bill** seeks to create consistent application of the state’s COAP program by implementing standard processing and response timelines, as well as a mechanism for administrative review. According to the author:

Low-income families are under attack by the heavy burden government-owed child support debt creates. This debt is accumulated by non-custodial parents who are directed to reimburse the state for essential public benefits, such as CalFresh and CalWORKs. AB 2395 supports economic mobility for families by increasing access and improving transparency of the existing "Debt Reduction Program".

Low-income families should not be trapped in a cycle of poverty due to endless government-owed debt. This bill ensures families have the necessary information to make the best financial decisions for their future. Existing law requires that the COAP program “operate uniformly across California.” (Family Code Section 17560 (a).) While the DCSS has an internal policy manual that provides some guidance on how LCSAs should manage

individual applications, there are otherwise no uniform procedures. The department's policy manual is not available online, but can be obtained upon request via email at the email listed at this website: <https://dcss.ca.gov/policies/>.

AB 2395 requires the department to develop a uniform set of application forms for LCSAs to disseminate to COAP applicants. The forms must meet two elements: they may not solicit an offer of repayment from the applicant, and they must inform the applicant of their right to use the complaint resolution process currently in statute to review decisions by an LCSA or the department.

The bill also imposes the following summarized timeline: Within 30 days of receiving an application, an LCSA must review and notify the applicant if their application is incomplete, noting what information is yet to be submitted. Within 60 days of submitting a complete application, an LCSA is required to inform the applicant of their repayment options and allow an applicant the opportunity to submit additional information to attempt to obtain a lower repayment amount. Finally, the bill requires an LCSA to act on a complete application, whether to approve or deny it, within 90 days of the applicant's submission. The LCSA must then provide the basis of a denial of any application, as well as information about how to reapply or utilize the LCSA's complaint resolution process.

The opponents raise concern that imposing strict timelines would "significantly increase workload for local agencies operating under already-constrained staffing and funding levels." This point is well taken, as many departments and agencies across the state are facing meager budgets. Additionally, the department's existing policy does not appear to impose strict deadlines on LCSAs' review of COAP applications. It is outside the purview of this Committee, however, to determine what timelines may work for LCSAs and the department to confirm receipt of an application, provide specified resources, or complete a review and provide final disposition, that determination is more appropriately made by the department. Additionally, while LCSAs are sure to have budget constraints, it seems appropriate to have some form of consistency in response and disposition times for a program available throughout the state so that an obligor may have a reasonable expectation of how the process may progress, regardless of which county they live in. *Nevertheless, the author may wish to consider extending the timelines to allow LCSAs better opportunity to meet the new statutory deadlines.*

In addition to imposition of new timelines, the bill appears to codify two elements of the department's existing policy regarding COAP. First, both this bill and existing department policy allow an applicant to immediately reapply if the application is withdrawn or denied, or a repayment agreement is rescinded. Opponents of the bill contend that this provision "may drive repeat filings and additional casework." However, to the extent such permission is already existing department policy, individual LCSA's deviation from the practice may actually emphasize the need for a bill promoting consistent application of the statewide program.

Second, existing department policy authorizes LCSAs to negotiate a lower repayment amount (or higher amount in compromise) than the amount that corresponds with the applicant's eligibility standards, so long as it is approved by the LCSA's Title IV-D director or their designee, based on consideration of a number possible factors. These factors include the obligor's anticipated outcome, anticipated collection absent a compromise, and individual hardship circumstances. AB 2395 likewise authorizes LCSAs to agree to a lower repayment amount, although it incorporates a few more factors than those identified in the department's existing policy.

Additionally, the bill makes a number of changes to existing Family Code Section 17560. Under the statute's current provisions, any agreement to compromise on an obligor's arrears must include a requirement that the obligor be up to date with any current child support order. This bill changes that to a permissive standard, and allow an LCSA to enter into an agreement with an obligor who is not current with their child support order. The opponents of this measure raise concern that this shift may unintentionally reduce an obligor's incentive to consistently pay their child support obligation. However, the language does not *prohibit* an LCSA from requiring compliance. Rather, it grants them the discretion to enter into such an agreement if they find it appropriate to do so.

The bill also increases the statutory authorization for the amount of arrears an LCSA can agree to compromise from \$5,000 to \$10,000. Considering this amount has been stagnant for over 20 years, this increase seems reasonable. Moreover, based on the department's policies it seems the LCSAs already have the authority to authorize an agreement to compromise for amounts in excess of \$5,000, even absent this statutory change. Nevertheless, to the extent there is inconsistent application of that discretion, increasing the statutory amount may help promote overall higher amounts of compromise across the state.

Finally, the bill strikes an existing provision in Section 17560 that makes any decision by the LCSA or department that it would not be in the best interest of the state to accept or rescind an offer in compromise final and not subject either to the LCSA's complaint process required by Family Code Section 17800 or to judicial review. The bill then grants applicants the right to avail themselves of the complaint process. The opponents once again raise concern that removing the finality of the LCSA's decision regarding a COAP application may "prolong outcomes and add administrative process without improving results for children and families." It is reasonable to expect that an additional review pathway could increase the workload for the department and LCSAs. However, to the extent that COAP is being administered inconsistently across the state, despite the statutory mandate to the contrary, it seems reasonable to allow individual applicants to seek redress through an existing administrative complaint process.

***The opposition's concern that this bill overlaps with the department's review of uncollectible arrears.*** In 2021, the Legislature enacted AB 135 (Committee on Budget) Chap. 85, Stats. 2021) which, among its many provisions, required LCSAs to cease collection on child support arrearages that were determined to be uncollectible, and tasked the department to adopt regulations to implement the new provisions by July 2024. According to the opposition, the state is still in the process of implementing these reforms, and posits that the review of the state's arrears could be useful in determining whether changes to COAP are appropriate. Notably, the review of arrearages required by AB 135 is a wholesale review capturing all arrears owed to the state, regardless of whether the obligor is interested in applying for COAP or even eligible to do so. It is certainly possible that once the state has concluded its review of uncollectible arrears that someone's case may be closed out and therefore COAP would become irrelevant to that individual. However, it also stands to reason that those who would not fall into that category should be able to benefit from more standardized application of the existing program, and should not have to wait for the state to complete its extensive review process to do so. Moreover, if the author does opt to re-evaluate the timelines in a manner that helps address some of the heartburn experienced by the opponents, it is possible that child support officers may have more time to identify cases that could be deemed uncollectible based on the standards established by AB 135 as the individuals apply.

**ARGUMENTS IN SUPPORT:** This bill is sponsored by the Western Center on Law and Poverty. It is supported by a number of low-income legal services and restorative justice organizations. In support of the bill the sponsors submit:

For over 40 years, California has required parents who receive CalWORKs to repay those benefits by intercepting their child support. Families receiving CalWORKs generally only receive \$100 (for one child) or \$200 (for two or more children) of their monthly child support, while the government keeps the rest. When noncustodial parents cannot afford to pay, this debt grows rapidly, because California adds 10% interest annually. As a result, noncustodial parents in California owe more than \$6 billion dollars in government-owed child support debt.

Past studies showed that 95% percent of this government-owed child support debt is uncollectible and the bulk of the state-owed arrears are owed by parents with extremely low incomes. See *Examining Child Support Arrears in California: The Collectability Study* (2003). In many of these cases, the children are now adults, and the parents are in their 50s or 60s. See 2022-23 Budget: Analysis of Child Support Program Proposals, page 6.

California has an existing program to help low-income parents who qualify to seek relief from harmful, uncollectible government-owed child support debt. See Family Code Section 17560. This bill would improve this existing Debt Reduction Program and ensure statewide **uniformity in the program, as** required in Family Code Sec. 17560, by:

- requiring publicly available, statewide standards that can be enforced through Department of Child Support Service's (DCSS) existing complaint resolution process; and
- reporting requirements to evaluate the uniformity and effectiveness of the program.

The bill would also **improve access and remove barriers** to the program by:

- requiring all local child support agencies (LCSAs) to post the application to the program on their website; have a designated phone number or email for the debt reduction program; and send a notice to parents who are potentially eligible;
- requiring LCSAs to act on applications within set time periods; and
- requiring LCSAs to provide repayment options to applicants based on statewide eligibility and repayment standards (removing the requirement that applicants make an "offer," which has discouraged participation).

Reducing the harm caused by government-owed child support debt is also a racial justice issue. The policy of requiring families who receive public assistance to reimburse the government stems from racist stereotypes about Black parents and furthers a legacy of extracting wealth from communities of color. In California, recent data shows that nearly 60% of the children whose families owe child support to the state are Black and Latino. See *The Payback Problem* (2019), page 13.

Lifting the burden of government-owed child support debt from parents has shown to reduce employment barriers, improve housing status and credit scores, and most importantly,

improve parent-child and co-parenting relationships. See Relief from Government-Owed Child Support Debt and Its Effects on Parents and Children (2019).

***ARGUMENTS IN OPPOSITION:*** This bill is opposed by the California Child Support Association (CalCSA). They submit:

With the implementation of child support arrears pass-through, unpaid child support that is collected may now be sent to the other parent. As a result, any future changes to the treatment of arrears must account for the interests of the family who may ultimately receive those funds. In that context, CalCSA's principal concern is that AB 2395 is premature.

California is still in the midst of implementing related reforms under AB 135. DCSS was directed to establish procedures and adopt regulations concerning uncollectible state-owed arrears, yet that implementation work remains underway. In addition, DCSS contracted for research and analysis regarding the collectibility of California child support arrears, and that work should help inform whether additional statutory changes to COAP are warranted and, if so, what those changes should be.

1. Before layering on substantial new statutory mandates, California should first complete the implementation already in progress and review the pending research. Moving forward with AB 2395 before that work is finished risks making policy changes without the benefit of the operational, fiscal, and programmatic information needed to evaluate them thoughtfully.
2. Even apart from timing, AB 2395 would impose extensive new operational requirements on LCSAs and DCSS. The bill requires new forms, standards, procedures, notices, reporting, website-related obligations, and prescriptive timelines, including written incompleteness notices within 30 days and final action on complete applications within 90 days. Those requirements would significantly increase workload for local agencies operating under already-constrained staffing and funding levels.
3. CalCSA is also concerned that certain provisions may have unintended consequences. Eliminating any waiting period to reapply after a denial, withdrawal, or rescission may drive repeat filings and additional casework. Changing the requirement that an offer "shall" require compliance with current support to "may" require compliance may weaken incentives for consistent payment where current support is owed. Expanding complaint resolution pathways may prolong outcomes and add administrative process without improving results for children and families.
4. For these reasons, CalCSA respectfully believes the Legislature should allow the ongoing AB 135 implementation and related arrears analysis to be completed before advancing broader COAP changes. After that work is finished, CalCSA would welcome the opportunity to engage on whether refinements are needed and how they can best be structured.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

Western Center on Law & Poverty (sponsor)  
Coalition of California Welfare Rights Organization  
Communities United for Restorative Youth Justice (CURYJ)

Community Legal Services in East Palo Alto  
End Child Poverty California Powered by Grace  
Good+foundation  
Neighborhood Legal Services of Los Angeles County  
Rubicon Programs  
Truth and Justice in Child Support Coalition  
University of the Pacific McGeorge School of Law Homeless Advocacy Clinic  
Young Community Developers

**Opposition**

Child Support Directors Association of California

**Analysis Prepared by:** Manuela Boucher-de la Cadena / JUD. / (916) 319-2334