

Date of Hearing: April 23, 2026

ASSEMBLY COMMITTEE ON HUMAN SERVICES
Alex Lee, Chair
AB 2395 (Sharp-Collins) – As Introduced February 20, 2026

SUBJECT: Child support: compromise of arrears program

SUMMARY: Revises the compromise of arrears program (COAP) established under the California Department of Child Support Services (DCSS) to expand the amount of debt that can be reduced and establish uniform eligibility and repayment standards, and notification requirements. Specifically, **this bill:**

- 1) Allows the obligor not to be in compliance with the current support order to be eligible to compromise arrears and accrued interest.
- 2) Expands the amount of child support arrears a local child support agency (LCSA) has the authority to compromise from \$5,000 to \$10,000.
- 3) Removes authority for DCSS to make a final determination, which was not subject to the formal complaint process or judicial review, regarding whether it would be in the best interest of the state to accept or rescind an offer in compromise.
- 4) Requires any program established and operated by DCSS or delegated to the administrator of an LCSA, to ensure that COAP operates uniformly throughout the state, to be subject to the following requirements;
 - a) No later than 180 days after the chapter date that added these provisions, DCSS, in consultation with stakeholders, shall promulgate regulations to implement the requirements. Program regulations, policies and procedures, and forms adopted pursuant to this section shall be made available on DCSS' website. Permits DCSS to implement and administer through a child support services letter or similar instruction until regulations are adopted.
 - b) DCSS shall create uniform application forms to be used by LCSAs subject to the following:
 - i) The application shall not require the applicant to make an offer of repayment; and,
 - ii) The application shall inform the applicant of their right to use the existing complaint resolution process for any action on their application or if the LCSA fails to take any action within the time frames set forth in these provisions, and shall indicate where applicants can find the forms and procedures for the local child support agencies' complaint resolution process.
 - c) DCSS shall create uniform notice requirements and procedures to be used by LCSAs subject to the following:
 - i) Each LCSA shall include information about COAP on their website, including a copy of all application forms and instructions, and a designated telephone number or email for individuals to contact the LCSA about COAP;

- ii) Within 30 days of receipt of an application, the LCSA 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 LCSA shall provide the applicant with a written notice of action approving or denying the application. If the application is denied, the notice of action (NOA) shall include the basis for the denial, information regarding the right to reapply and the right to use the existing complaint resolution process. The NOA shall also include where applicants can find the uniform forms and procedures for the LCSA'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; and,
 - v) Each LCSA shall provide written notice once annually to all obligors whose administrative files meet standards set by DCSS, indicating they may be eligible for debt reduction.
- d) DCSS shall establish uniform eligibility and repayment standards subject to the following:
- i) Within 60 days of the submission of a complete application, the LCSA shall provide written notice to applicants of their repayment options based on the uniform eligibility and repayment standards. The notice shall inform applicants of the factors in sub-paragraph ii) below, and provide an opportunity for the applicant to submit additional information and verification to support a lower repayment amount; and,
 - ii) LCSAs 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 following documented circumstances:
 - A) Anticipated income, payments, or assets.
 - B) Anticipated collections, in the absence of a compromise.
 - C) Necessary expenditures not accounted for in the eligibility standards.
 - D) Age of the arrearage or other fees and costs.
 - E) Individual hardship circumstances.
 - F) Employment history and barriers.
 - G) Whether the order was based on imputed income.
 - H) Incarceration history.

- e) DCSS shall create a uniform repayment agreement for LCSAs to use, subject to the following:
 - i) The applicant shall receive a full and complete copy of the repayment agreement to review before signing; and,
 - ii) DCSS shall establish uniform standards for modification and rescission of repayment agreements.
- f) DCSS shall establish reporting requirements for LCSAs to submit on a regular basis regarding their implementation of these provisions to allow DCSS to evaluate the uniformity and effectiveness of COAP.

EXISTING LAW:

- 1) Establishes a statewide COAP under which DCSS may accept offers in compromise of child support arrears and interest owed to the state for reimbursement of aid paid under the California Work Opportunity and Responsibility to Kids (CalWORKs) program, requiring the program to operate uniformly across California and take into consideration the needs of the children subject to the support order and the obligor's ability to pay. (Family Code [FAM] § 17560(a))
- 2) Requires an offer in compromise to include a provision mandating that an obligor who owes current child support be in compliance with the current support order for a set period of time before any arrears and accrued interest may be compromised. (FAM § 17560(b))
- 3) Requires rescission of any offer in compromise, reestablishment of all compromised liabilities notwithstanding any applicable statute of limitations, and forfeiture of any amount offered, absent a finding of good cause, if the obligor concealed income, assets, or property, made false statements, or failed to comply with the terms of the agreement. (FAM § 17560(c))
- 4) Prohibits the administrator, director, or director's designee from accepting an offer in compromise of child support arrears owed directly to the custodial party without that party's written consent and participation in the agreement, and requires the custodial party to receive a clear written explanation of their rights before consenting. (FAM §§ 17560(d); 17406(k))
- 5) Delegates to the administrator of an LCSA, the authority to compromise child support arrears up to \$5,000, with authority for the director to delegate additional compromise authority to support effective program administration. (FAM § 17560(e))
- 6) Conditions compromise of arrears on a determination by the administrator, director, or director's designee that acceptance is in the best interest of the state and that the compromise amount equals or exceeds what the state can expect to collect in the absence of the compromise based on the obligor's ability to pay. (FAM § 17560(f)(1)(A))
- 7) Deems acceptance of a compromise to be in the best interest of the state, absent good cause to the contrary, for arrears accrued when a reservist or National Guard member was

activated to military service and failed to seek a modification to reflect reduced income, and directs DCSS to establish rules compromising at minimum the amount that would not have accrued had the order been modified. (FAM § 17560(f)(1)(B))

- 8) Requires an obligor to provide evidence of income and assets, including wage stubs, tax returns, and bank statements, sufficient to establish that the offer represents the most that can be collected from present assets or income, that the obligor has no reasonable prospects of satisfying a greater amount within a reasonable time, and that the obligor did not withhold payment in anticipation of the program. (FAM § 17560(f)(3))
- 9) Permits a determination by the administrator, director, or director's designee that it would not be in the best interest of the state to accept or rescind an offer in compromise final and not subject to the complaint resolution process or judicial review. (FAM § 17560(g))
- 10) Requires any offer in compromise entered into under COAP to be filed with the appropriate court, and requires the LCSA to notify the court if the compromise is rescinded. (FAM § 17560(h))
- 11) Requires any compromise of child support arrears to maximize to the greatest extent possible the state's share of federal performance incentives under the Child Support Performance and Incentive Act of 1998, and to comply with federal law. (FAM § 17560(i))
- 12) Requires each LCSA to maintain a complaint resolution process, with DCSS specifying by regulation uniform forms and procedures for resolving all complaints from custodial and noncustodial parents, requiring written resolution within 30 days of receipt, extendable by an additional 30 days. (FAM § 17800)

FISCAL EFFECT: Unknown, this bill has not been analyzed by a fiscal committee.

COMMENTS: This analysis only discusses policy issues germane to the Assembly Committee on Human Services.

Background: *Child Support Arrears.* California's Title IV-D child support program, administered by DCSS through 47 LCSAs, serves one of the largest caseloads in the nation. The accumulation of child support arrears, which are past-due support obligations that have gone unpaid, accrues at 10% annual interest and often grows beyond what low-income obligors can realistically repay. Child support arrears take two principal forms: family-owed arrears, which represent payments due directly to the custodial parent or caregiver, and government-owed arrears, which represent reimbursement to the state for public assistance paid on the child's behalf, mainly through CalWORKs, during a period when the obligor was not meeting the court-ordered support obligation.

Under current law, an LCSA administrator is prohibited from accepting an offer in compromise for child support arrears owed directly to a custodial party, unless that party provides written consent and actively participates in the agreement. Before giving this consent, the custodial party must be provided with a clear written explanation of their rights regarding the arrears and the implications of the compromise. While COAP primarily targets debt owed to the government, any reduction in family-owed arrears remains entirely voluntary for the custodial parent, who

also has the right to receive full support services from the LCSA regardless of whether they choose to participate.

This bill reforms the statewide program used to settle government-owed arrears, which are debts assigned to the state for public assistance reimbursement. As noted, while COAP can technically include family-owed arrears if the custodial parent provides written consent, *this bill* does not explicitly address family-owed arrears.

Statewide child support arrears have hovered near \$19 billion in recent years, having peaked at approximately \$20 billion in 2007.¹ Of that total debt, approximately \$6.8 billion is owed to the government (as reimbursement for public assistance like CalWORKs), while roughly \$11.6 billion is owed directly to families. Approximately 80% of this debt is owed by obligors earning less than \$15,000 per year. Research from the federal Office of Child Support Services has found that over 65% of California's past-due support is owed by obligors earning \$20,000 per year or less, and nearly 90% by those earning under \$40,000 per year.² For these obligors, these arrears create a permanent financial barrier that limits workforce participation and can discourage formal employment.

Cases that enter the IV-D program through public assistance, primarily CalWORKs and foster care, follow a distinct pathway that differs from cases initiated at the request of a parent. When a family applies for CalWORKs, state law requires the applicant to assign to the state any right to child support as a condition of receiving aid. The LCSA then opens a case, establishes or enforces a support order, and collects payments on the state's behalf. Collections are used first to reimburse the cost of public assistance rather than passing through to the family. If the obligor fails to pay during the period the family receives aid, unpaid monthly obligations accumulate as assigned arrears, which is debt owed to the state rather than to the custodial parent.

California law imposes 10% annual interest on unpaid support, compounding the balance over time. Support orders in IV-D cases are sometimes established by default when the obligor does not appear or are set based on imputed income, which is an attributed earning capacity, rather than verified actual earnings. Subsequent changes in circumstance, such as job loss, incarceration, illness, or periods of homelessness, do not reduce a support order retroactively under federal law, meaning arrears continue to accrue through periods when the obligor has no income. Because orders can only be modified prospectively upon court action, obligors who lack the resources or capacity to seek a timely modification accumulate debt through circumstances they cannot pay.

The Compromise of Arrears Program. The Legislature established COAP in 2003 through AB 1752 (Committee on Budget), Chapter 225, Statutes of 2003, as a debt-relief mechanism for government-owed arrears. Under COAP, DCSS may accept an offer in compromise of child support arrears and accrued interest owed to the state as reimbursement for CalWORKs assistance. The program is intended to resolve debt that the state has little realistic prospect of collecting in full, in exchange for a negotiated partial repayment. To qualify, an obligor must demonstrate that the compromise amount equals or exceeds what the state could otherwise

¹ <https://news.yahoo.com/california-parents-owe-19-2-204408750.html>.

² <https://acf.gov/archive/css/newsletter/ocsenewsletter/september-2021-child-support-report>.

expect to collect based on the obligor's ability to pay, and that the obligor has not withheld child support in anticipation of a compromise.

Under current law, if the obligor owes current child support, the offer in compromise is required to be in compliance with the current support order for a set period before any arrears may be compromised. The administrator of an LCSA is authorized to compromise arrears up to \$5,000 without additional state approval. Currently, a determination that is not in the best interest of the state to accept, or rescind an offer in compromise, is final and not subject to complaint resolution processes or judicial review.

This bill would reform COAP by making it optional, rather than mandatory, for an obligor to be in compliance with a current support order for a set period before their debt can be reduced. It would also double the authority of local child support agency administrators, allowing them to compromise up to \$10,000 in arrears without state approval. Furthermore, *the bill* would eliminate the finality of state decisions regarding these offers, instead granting individuals the right to challenge a denial through complaint resolution processes. To ensure these standards are applied fairly, DCSS would be required to develop uniform procedures and consider broader factors such as an individual's employment barriers and incarceration history when negotiating repayment amounts.

COAP has operated for nearly two decades. During that period, the program forgave over \$781 million in government-owed debt and eliminated an additional \$307 million in interest charges. However, the program's reach was limited by its eligibility rules. Of approximately 77,500 applications received, only 29,000 were approved, a denial rate exceeding 60%. The most common reason for denial was the inability to make an upfront payment of 10% of the government-owed balance, a threshold that proved prohibitive for the low-income obligors the program was designed to serve.³ Additional restrictions, such as requirements that an obligor have only one case open and no interstate case, further limited access for obligors in counties with complex caseloads.⁴

In 2021, DCSS replaced the original COAP framework with a Debt Reduction Program featuring revised eligibility criteria, reflecting a policy shift toward expanding access to arrears relief. Separately, AB 207 (Committee on Budget), Chapter 573, Statutes of 2022, authorized DCSS to pass government-owed arrears through to former CalWORKs families rather than retaining them as state reimbursement. As of May 2024, DCSS completed the required payment system automation updates and began implementing this pass-through, which is estimated to direct approximately \$160.7 million annually to low-income families who formerly received CalWORKs assistance. DCSS has also contracted for research and analysis on the collectability of California's child support arrears portfolio, work that remains underway.

The Author and sponsor contend that COAP is not administered uniformly throughout the state due to discrepancies at LCSAs. *This bill* would create a timeline for processing cases and ensure that more individuals have access to information about COAP.

³ <https://acf.gov/archive/css/newsletter/ocsenewsletter/september-2021-child-support-report>.

⁴ <https://childsupportservices.saccounty.gov/FrequentlyAskedQuestions/Pages/CompromiseofArrearages.aspx>.

Recent Legislative Changes. California has recently moved away from a cost-recovery model for foster youth, prioritizing family reunification over state reimbursement. Through the passage of AB 1686 (Bryan), Chapter 755, Statutes of 2022, and updated guidance, parents are no longer required to pay child support while their child is in foster care, as it is acknowledged this creates a barrier to reunification. Consequently, counties are generally prohibited from referring these cases to LCSAs unless the parent's income exceeds high thresholds, typically 400% of the federal poverty level. Additionally, AB 2906 (Bryan), Chapter 623, Statutes of 2024, was enacted to ensure that foster youth keep their own Social Security survivor benefits rather than having those funds intercepted by the state to cover the cost of their care. These changes collectively aim to stabilize families and provide youth with a financial foundation as they transition out of the child welfare system.

Author's Statement: 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. [This bill] 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."

Equity Implications: The provisions of *this bill* modify existing program terms by changing the compliance-with-current-support requirement from mandatory to discretionary, doubling the LCSA administrator's independent authority to compromise arrears, and deleting the current provision making denial or rescission determinations final and unreviewable, thereby restoring access to complaint resolution processes and judicial review.

To ensure uniform application of COAP across all LCSAs, *the bill* also requires DCSS to promulgate uniform regulations within 180 days of enactment, covering application forms, notice requirements, eligibility and repayment standards, and reporting requirements. Each LCSA would also be required to publish program information on its website, including all application forms, instructions, and a designated contact for program inquiries. Additionally, each LCSA would be required to provide a written annual notice to all obligors whose administrative files meet DCSS-established eligibility indicators, informing them they may qualify for debt reduction. *The bill* establishes equity-oriented factors that LCSAs may consider when negotiating repayment amounts below the standard eligibility calculation, including the obligor's employment history and barriers, incarceration history, whether the underlying order was based on imputed income, individual hardship circumstances, and the age of the arrearage.

Double referral: This bill was previously heard by the Assembly Committee on Judiciary on April 7, 2026, and was approved on a 10-2 vote.

Arguments in Support: The Truth & Justice in Child Support Coalition, the sponsor of this bill, writes, "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."

Arguments in Opposition: The California Child Support Association (CalCSA), “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.”

RELATED AND PRIOR LEGISLATION:

AB 2906 (Bryan), Chapter 623, Statutes of 2024, see comments above

AB 1686 (Bryan), Chapter 755, Statutes of 2022, see comments above

AB 135 (Committee on Budget), Chapter 85, Statutes of 2021, mandated DCSS to identify and to eliminate state-assigned arrears deemed "uncollectible." Directed the state to cease collection of government-owed child support debt for obligors whose only source of income is Social Security, VA Disability Compensation, or the Cash Assistance Program for Immigrants.

AB 1092 (Jones-Sawyer) of 2019, Would have provided that if child support is assigned to the county, DCSS or the LCSA shall not collect interest that accrues on or after January 1, 2022, on the principal amount assigned. *Governor Newsom vetoed AB 1092 due to costs but directed DCSS to review COAP and consider any needed changes to address uncollectable debts and increase collections.*

REGISTERED SUPPORT / OPPOSITION:

Support

Coalition of California Welfare Rights Organization (Co-Sponsor)
 End Child Poverty California Powered by Grace (Co-Sponsor)
 Truth and Justice in Child Support Coalition (Co-Sponsor)
 Western Center on Law & Poverty (Co-Sponsor)
 Communities United for Restorative Youth Justice (CURYJ)
 Community Legal Services in East Palo Alto
 Good+Foundation
 Rubicon Programs
 University of the Pacific McGeorge School of Law Homeless Advocacy Clinic
 Young Community Developers

Opposition

Child Support Directors Association of California

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