

ASSEMBLY THIRD READING  
AB 2395 (Sharp-Collins)  
As Introduced February 20, 2026  
Majority vote

## SUMMARY

Establishes procedures for accepting and responding to applications to the compromise of arrears program.

### Major Provisions

- 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 (COAP).
- 3) Authorizes the director to delegate to the administrator of a local child support agency (LCSA) 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 specified 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, notice requirements and procedures, and eligibility and repayment standards, to be used by local child support agencies.
  - c) 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.

**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.

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.

The bill 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.

Additionally, the bill allows an applicant to immediately reapply if the application is withdrawn or denied, or a repayment agreement is rescinded. Further, 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. This bill 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 allows an LCSA to enter into an agreement with an obligor who is not current with their child support order.

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.

Finally, the bill strikes an existing provision in Family Code 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.

### **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/>.

### **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:

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

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

- a) 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;
- b) requiring LCSAs to act on applications within set time periods; and
- c) 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.

## FISCAL COMMENTS

According to the Assembly Appropriations Committee:

- 1) General Fund costs of an unknown but likely absorbable amount to DCSS to promulgate regulations within 180 days, develop uniform application forms, notice requirements and procedures, eligibility and repayment standards, a uniform repayment agreement, and reporting requirements for LCSAs. To the extent participation in COAP increases, government owed arrears debt reduction-related workload would also increase. At the time this analysis was prepared, DCSS was unable to provide an estimated amount associated with that potential increased workload.
- 2) Workload costs of an unknown but potentially significant amount to LCSAs (federal Title IV-D funds and state and county General Fund) to implement the bill's procedural requirements, including 30-day incompleteness notices, 60-day repayment-option notices, 90-day final action on complete applications, annual written notices to potentially eligible obligors, website posting, designated contact information, and reporting to DCSS. DCSS could not quantify the potential workload at the time this analysis was prepared, but reports that a significant increase in applications could result in the need for additional staffing at the LCSAs. If the Commission on State Mandates determines the provisions of this bill create a new program or impose a higher level of service for which the state must reimburse local costs, counties could claim reimbursement from the state.

- 3) The effect on collections cannot be quantified because participation levels, timing of participation, and the amount of debt eligible for forgiveness are unknown. If most cases that are eligible for COAP are already applying each year, then the marginal increase from promulgated regulations may not have a significant impact on collections. DCSS notes that the COAP program focuses on case participants that have an ability to pay either a lump sum or adhere to a compromised payment plan. Therefore, collections may increase in the near-term from these lump sum payments. However, in the long term, collections would decrease as these cases are closed or there is no assigned arrears balance to collect against in the future. DCSS further notes that government-owed arrears balances for formerly assisted cases are passed through to the parent receiving support. If these balances are changed, there would be reduced collections going to families.

## VOTES

### ASM JUDICIARY: 10-2-0

**YES:** Kalra, Lee, Bryan, Connolly, Harabedian, Pacheco, Papan, Sanchez, Stefani, Zbur

**NO:** Macedo, Dixon

### ASM HUMAN SERVICES: 5-0-2

**YES:** Lee, Calderon, Elhawary, Blanca Rubio, Ahrens

**ABS, ABST OR NV:** Castillo, Tangipa

### ASM APPROPRIATIONS: 11-2-2

**YES:** Wicks, Aguiar-Curry, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache

**NO:** Dixon, Tangipa

**ABS, ABST OR NV:** Hoover, Ta

## UPDATED

VERSION: February 20, 2026

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FN: 0002638