

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2025-2026 Regular Session

AB 2395 (Sharp-Collins)
Version: June 11, 2026
Hearing Date: June 23, 2026
Fiscal: Yes
Urgency: No
AWM

SUBJECT

Child support: compromise of arrears program

DIGEST

This bill modifies the statewide Debt Collection Program through which a parent can make an offer in compromise for child support and interest owed to the state, and requires the Department of Child Support Services (DCSS) to implement regulations to ensure that the Debt Collection Program is uniformly applied, as specified.

EXECUTIVE SUMMARY

“Child support” presumably calls to mind amounts paid by a parent to support their child. But a significant amount of court-ordered child support never reaches the child. When a child receives certain public assistance benefits, their custodial parent is required to assign their rights to the child support to the state or county as “reimbursement” for the benefits; the family is entitled to keep only a “pass through” amount of \$100 for a single-child family and \$200 for a family of two or more children. This system was put in place pursuant to a federal framework that puts certain conditions on the receipt of federal funds for certain assistance programs, though federal rules now permit a state to pass through the whole amount. California also has the highest interest rate on past-due child support in the country, at 10 percent per year. The result is that Californians owe close to \$6 billion in child support *to the state*. For many parents, the accrual of 10 percent interest every year means they will never be able to get above water, even as their children have long grown into adults.

California currently has a Debt Collection Program, implemented by DCSS, through which local child support agencies (LCSAs), the director of DCSS, or their designee can accept an offer in compromise for child support debt owed by the parent to the government. Although the Debt Collection Program is supposed to be implemented uniformly statewide, the sponsors of the bill report that implementation is inconsistent

across counties, resulting in eligible parents being unaware that they may be able to reach an agreement to pay off their outstanding debt to the state.

This bill is intended to strengthen the Debt Collection Program and ensure that LCSAs are administering the program uniformly. To ensure uniformity, the bill requires DCSS, by January 1, 2028, to adopt regulations for the Debt Collection Program, including creating mandatory forms, timelines for responses, and uniform standards for modifications and rescissions of offers in compromise. The bill also makes changes to the existing Debt Collection Program to encourage parents to participate, including expanding the amount of arrears an LCSA may compromise and permitting parents to use the existing LCSA complaint process if they disagree with an LCSA's decision.

This bill is sponsored by the Truth and Justice in Child Support Coalition and is supported by the Coalition of California Welfare Rights Organizations, Community Legal Services in East Palo Alto, End Child Poverty California Powered by Grace, Legal Services for Prisoners With Children, Rubicon Programs, the University of the Pacific McGeorge School of Law Homeless Advocacy Clinic, Western Center on Law & Poverty, and Young Community Developers. The Committee has not received timely opposition to this bill. If this Committee passes this bill, it will be referred to the Senate Human Services Committee.

PROPOSED CHANGES TO THE LAW

Existing law:

- 1) Establishes a statewide uniform guideline for the calculation of child support ordered by the court, consistent with federal regulations for child support guidelines. (Fam. Code, div. 9, pt. 2, ch. 2, art. 2, §§ 4050 et seq.)
- 2) Establishes DCSS as the single organizational unit for the administration and management of California's child support program, including compliance necessary for federal financial participation. (Fam. Code, § 17202.)
- 3) Requires every county to maintain an LCSA with the responsibility for promptly and effectively establishing, modifying, and enforcing child support obligations, as specified; and authorizes the LCSA to take appropriate action, including criminal action in cooperation with district attorneys, to establish, modify, and enforce child support orders and, where appropriate, spousal support if the child is receiving public assistance, as specified. (Fam. Code, § 17400(a).)
- 4) Requires an LCSA, provided that no reduction in aid or payment to a custodial parent would result, to cease enforcement of child support arrearages assigned to the state and other fees and costs owed to the state that DCSS or the LCSA has determined to be uncollectible, as specified. (Fam. Code, § 17400(b).)

- 5) Provides that interest accrues at the rate of 10 percent per annum on the principal of a money judgment remaining unsatisfied, except for specified judgments arising from medical expenses or consumer debts. (Code Civ. Proc., § 685.010.)
- 6) Establishes state benefits programs, including CalWORKS, some of which are administered in connection with, or pursuant to, federal benefits programs. (Welf. & Inst. Code, div. 9, pt. 3, §§ 11000 et seq.)
- 7) Requires, as a condition of CalWORKS eligibility, an applicant to 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. (Welf. & Inst. Code, § 11477.)
- 8) Requires, notwithstanding 7), that the first \$100 of any amount of child support collected in a month for a family with one child, or the first \$200 for a family with two or more children, in payment of the support obligation shall be paid to the recipient of aid under 7), and shall not be considered income or resources of the recipient family, and shall not be deducted from the amount of aid to which the family would otherwise be eligible.
 - a) The LCSA in each county must ensure that these payments are made to recipients.
 - b) This provision does not apply to recipients of foster care payments, as defined. (Fam. Code, § 17504.)
- 9) Provides that, if a support obligee is a former recipient of CalWORKS aid, any amount of support collected in a month in payment of the assigned support obligation shall be passed through to the obligee, except for recipients of foster care payments, as defined. (Fam. Code, § 17504.2.)
- 10) Requires DCSS to establish and operate a statewide Debt Reduction Program pursuant to which DCSS may accept offers in compromise of child support arrears and interest accrued thereon owed to the state for reimbursement of aid paid pursuant to 7). (Fam. Code, § 17560(a).)
- 11) Requires the Debt Reduction Program to operate uniformly across California and take into consideration the needs of the children subject to the child support order and the obligor's ability to pay. (Fam. Code, § 17560(a).)
- 12) Provides that, if an obligor owes current child support, any offer in compromise pursuant to 10) shall require the obligor to be in compliance with the current order for a set period of time before any arrears and interest accrued thereon may be compromised. (Fam. Code, § 17560(b).)
- 13) Requires, absent a finding of good cause or a determination by the Director of DCSS that it is in the best interest of the state to do otherwise, that any offer of compromise

entered into pursuant to 10) be rescinded, all compromised liabilities be reestablished notwithstanding any statutes of limitations that otherwise may be applicable, and no portion of the amount offered in compromise be refunded, if either of the following occurs:

- a) DCSS or the LCSA determines that the obligor did any of the following acts regarding the offer in compromise:
 - i. Concealed from DCSS or the LCSA any income, assets, or other property belonging to the obligor or any reasonably anticipated recipient of income, assets, or other property.
 - ii. Intentionally received, withheld, destroyed, mutilated, or falsified any information, document, or record, or intentionally made any false statement, relating to the financial conditions of the obligor.
- b) The obligor fails to comply with any of the terms and conditions of the offer in compromise. (Fam. Code, § 17560(c).)

14) Provides that neither DCSS nor the LCSA may accept an offer in compromise of any child support arrears owed directly to the custodial party unless that party consents to the offer in compromise in writing and participates in the agreement; prior to giving consent, the custodial party shall be provided with a clear written explanation of the rights with respect to child support arrears owed to the custodial party and the compromise thereof. (Fam. Code, § 17560(d).)

15) Requires the Director of DCSS (Director) to delegate to the administrator of an LCSA the authority to compromise an amount of child support arrears up to \$5,000, and permits the Director to delegate additional authority to compromise up to an amount determined by the Director to support the effective administration of the Debt Reduction Program. (Fam. Code, § 17560(e).)

16) Requires, for an amount to be compromised through the Debt Reduction Program, all of the following conditions be satisfied:

- a) The administrator, the Director, or the Director's designee determines that acceptance of an offer in compromise is in the best interest of the state and that the compromise amount equals or exceeds what the state can expect to collect for reimbursement of aid under 7), based on the obligor's ability to pay; acceptance shall be deemed to be in the best interest of the state, absence a finding of good cause to the contrary, with respect to arrears that accrued as a result of a decrease in income when the obligor was a reservist or member of the National Guard and was activated to U.S. military service, as specified.
- b) Any other terms and conditions that the Director establishes, which may include paying current support in a timely manner, making lump-sum payments, and paying arrears in exchange for compromise of interest owed.
- c) The obligor provides evidence of income and assets, including wage stubs, tax returns, and bank statements as necessary to establish all of the following:

- i. That the amount set forth in compromise of arrears owed is the most that can be expected to be paid or collected from the obligor's present assets or income.
- ii. That the obligor does not have reasonable prospects of acquiring increased income or assets that would enable the obligor to satisfy a greater amount of the child support arrears than the amount offered, within a reasonable period of time.
- iii. That the obligor has not withheld payments of child support in anticipation of the Debt Reduction Program. (Fam. Code, § 17560(f).)

17) Provides that a determination by the administrator of an LCSA, 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 is final and not subject to administrative or judicial review. (Fam. Code, § 17560(g).)

18) Requires each LCSA to establish a complaint resolution process, incorporating uniform forms and procedures specified by DCSS, for resolving all complaints received from custodial and noncustodial parents. (Fam. Code, § 17800.)

19) Provides that a custodial or noncustodial parent who is dissatisfied with the LCSA's resolution of a complaint through the process in 18) shall be accorded an opportunity for a state hearing in specified circumstances, including where an application for support services has been denied or not acted upon within the required timeframe or child support collections have not been distributed or have been distributed incorrectly.

- a) The parent must exhaust the complaint resolution in 18) before requesting a hearing unless the LCSA has not submitted a written resolution of the complaint within the required timeframe.
- b) Requires that a hearing must be provided if the request is made within 90 days of receiving written notice of resolution from the LCSA.
- c) A child support determination that is subject to the jurisdiction of the superior court and that is required by law to be addressed by motion, order to show cause, or appeal shall not be subject to a state hearing.
- d) This state hearing process shall be implemented only to the extent that there is federal financial participation available, as specified in Title 42 of the United States Code. (Fam. Code, § 17801.)

This bill:

- 1) Requires DCSS to consider, as a factor in its establishment and operation of the Debt Reduction Program, the impact of the full pass-through of child support for a child who was formerly a recipient of CalWORKs aid.
- 2) Permits, rather than requires, an offer in compromise pursuant to the Debt Reduction Program 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.

- 3) Authorizes the Director to delegate to their designee the determination that it is in the best interest of the state not to rescind an offer of compromise, in the event the obligor does not comply with the terms of the compromise or concealed information in connection with the compromise.
- 4) Increases, from \$5,000 to \$10,000, the amount of child support arrears which the administrator of an LCSA has the authority to compromise without additional action from the Director.
- 5) Deletes the provision stating that a determination that it is not in the best interest of the state to accept or rescind an offer in compromise is final and not subject to administrative or judicial review.
- 6) Provides that any Debt Reduction Program established by DCSS or delegated to the administrator of an LCSA shall be subject to the requirements of 7)-12), to ensure that the Debt Reduction Program operates uniformly throughout the state.
- 7) Requires DCSS, no later than January 1, 2028, in consultation with stakeholders, to promulgate regulations to implement the requirements of this bill; DCSS may, in consultation with stakeholders, implement the bill through a child support services letter or similar instruction until regulations are adopted.
- 8) Requires DCSS to create a uniform Debt Reduction Program application forms subject to the following:
 - a) The application shall not require the applicant to make an offer of repayment.
 - b) The application shall inform the applicant of their right to use the existing complaint resolution and state hearing process for any action or inaction on their application, and shall indicate where applicants can find the forms and procedures for these processes.
- 9) Requires the regulations adopted by DCSS pursuant to 7) to include all of the following:
 - a) Uniform notice procedures, including timeframes for the notices and procedures that ensure applications are processed in a timely manner and that the total time between when an applicant submits an application and receives a final determination is no more than 180 days.
 - b) Requirements for providing public information about the program, including both of the following:
 - i. DCSS must include information about the program on its website, including the text of all applicable regulations, program forms, procedures used in the program, and a designated telephone number for the arrears

program; additionally, each LSCA shall make, at a minimum, this program information available on its website.

- ii. DCSS or its delegee shall provide written notice once annually to all obligors whose administrative files meet standards set by DCSS indicating that they may be eligible for debt reduction pursuant to the Debt Reduction Program.

10) Requires DCSS to establish uniform eligibility and repayment standards, including factors to be considered when deviating from those standards.

11) Requires DCSS to create uniform, mandatory Debt Reduction Program repayment agreement, subject to the following:

- a) The applicant shall receive a full and complete copy of the repayment agreement to review before signing.
- b) DCSS shall establish uniform standards for modification and rescission of repayment agreements.

12) Provides that 6)-11) shall be operative on July 1, 2027.

COMMENTS

1. Author's comment

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.

2. Background on child support, required assignment of child support, and child support arrears

Every parent has the duty to financially support their minor child.¹ If a parent fails to provide that support, the child's other parent, or the child through a guardian ad litem, may sue the parent for an order of support.² Unless the court finds a legal basis for excusing the parent's support obligation, the court will enter a support order in an

¹ Fam. Code, § 3900.

² *Id.*, § 4000.

amount calculated based on the statewide child support guidelines.³ Unpaid child support payments accrue interest at 10 percent per annum,⁴ the highest rate in the country.

If a custodial parent (i.e., the parent who has custody of the child) receiving court-ordered child support applies for CalWORKs, they are required to assign to the county their child support payments received while they are on benefits – up to the amount of aid received – and to cooperate with the LCSA in child support collection efforts.⁵ As of 2022, the county is now required to pass through the first \$100 of support for a family with one child, or the first \$200 of support for a family with two or more children, to the family.⁶ “Federal rules allow states to pass through up to the full amount of monthly child support payments received to currently assisted families,” but the state would have to pay for the passthrough amount that would otherwise have been returned to the federal government.⁷ If the noncustodial parent is in arrears while the family receives CalWORKs benefits, the government is entitled to the full amount of a late payment made while the family is still receiving benefits, as part of the CalWORKs benefits recoupment requirement.⁸ In 2024, the median income of a noncustodial parent paying support in a case with a child currently receiving public benefits was \$21,782.⁹

When a family stops receiving CalWORKs benefits, they resume receiving the full amount of the child support payment made by the custodial parent, plus any past due amounts, including arrears that otherwise would have been paid to the state while the family was receiving benefits.¹⁰ Up until 2024, however, if child support arrears arose while the family was receiving benefits, the noncustodial parent would continue to owe the government for the amounts that would have gone to the government while the family was receiving CalWORKs, even after the family stopped receiving benefits.¹¹

Because of laws commandeering child support payments to reimburse state benefits programs, California parents owed \$5.8 billion in “child support” debt *to the government* in 2024.¹² Over half of that debt – 57 percent – is interest on past-due payments: California’s 10 percent annual interest rate makes it virtually impossible for low-income parents to catch up once they fall behind on child support payments.¹³ Keeping parents

³ Fam. Code, div. 9, pt. 2, ch. 2, art. 2, §§ 4050 et seq.

⁴ Code Civ. Proc., § 685.010.

⁵ Welf. & Inst. Code, § 11477.

⁶ Fam. Code, § 17504.

⁷ See Legislative Analyst’s Office, 2024-2025 Budget, Child Support (Feb. 27, 2024) <https://lao.ca.gov/Publications/Report/4861> (link current as of June 18, 2026).

⁸ Welf. & Inst. Code, § 11477.

⁹ Johnson, Reassessing Child Support Cost Recovery in California: Evaluating Impacts on Families and Opportunities for Reform (Spring 2025) San Francisco Financial Justice Project, p. 11.

¹⁰ Fam. Code, § 17504.2.

¹¹ See AB 207 (Committee on Budget, Ch. 573, Stats. 2022.)

¹² Johnson, *supra*, p. 5.

¹³ *Id.* at pp. 5-6.

perpetually burdened by unpayable debts provides virtually no benefit to the state, while harming parents and, perversely, harming the parent-child relationship the state purports to be defending.¹⁴

In recognition of the counterproductive nature of keeping parents saddled with uncollectable debt, DCSS is required to maintain a statewide Debt Reduction Program, through which DCSS or, in some cases, an LCSA may accept an offer in compromise of a support obligor's state-owed child support arrears and interest.¹⁵ Although the Debt Reduction Program is intended to operate uniformly across the state, the author and supporters of the bill report that the Debt Reduction Program is inconsistently administered, leaving eligible candidates unaware that they may be able to reduce their debt.

3. This bill requires DCSS to take steps to ensure that the Debt Reduction Program is applied consistently across the state and made available to eligible parents

This bill seeks to create consistent application of the state's Debt Reduction Program by implementing standard processing and response timelines, as well as a mechanism for administrative review of program decisions. To that end, the bill requires DCSS to do all of the following:

- By January 1, 2028, in consultation with stakeholders, promulgate regulations to implement uniform Debt Reduction Program policies and requirements, which must include uniform notice requirements and procedures, including timeframes for processing and responses that will ensure that an applicant will receive a final determination in no more than 180 days after submitting an application.
- Create uniform application forms for the Debt Reduction Program, which may not require the applicant to make an offer of repayment, and which must inform the applicant of their right to use the complaint resolution and hearing process that already exists for complaints about LCSAs.
- Notify, or task a delegatee with notifying, support obligors who may be eligible for debt reduction of their eligibility, at least once annually.
- Establish uniform eligibility and repayment standards, including factors to be considered when deviating from those standards.
- Create a uniform, mandatory repayment agreement, and establish standards for modification and rescission of repayment agreements.

In addition to the above, this bill makes the Debt Reduction Program more accessible by doing the following:

¹⁴ *Id.* at pp. 8, 23-26.

¹⁵ Fam. Code, § 17560. A Debt Reduction Program offer of compromise may include arrears owed directly to the custodial parent if the custodial parent participates in the agreement and consents, but the program does not default to incorporating these arrears. (*Ibid.*)

- Eliminating the requirement that an offer in compromise require a support obligor be in compliance with the support order for a set period of time before their outstanding debt can be compromised; instead, the LCSA or DCSS may, but does not need to, include such a condition in the offer.
- Authorizes the Director to designate an agent who can determine whether it is in the best interest of the state not to rescind an offer in compromise in the event of certain events, rather than requiring the director to make the determination in every case.
- Increases the amount that an LCSA may compromise without an additional delegation of authority from DCSS, from \$5,000 to \$10,000.
- As noted above, permits a support obligor to utilize the existing LCSA complaint and state hearing process, to seek review of issues such as an LCSA's decision to deny an offer or resolve concerns about the timeliness of a response. Under this process, the obligor must first submit their complaint to the LCSA within 90 days of the action complained of;¹⁶ if the parent is still dissatisfied with the LCSA's resolution, the parent may seek an administrative hearing.¹⁷

4. Arguments in support

According to a coalition of the bill's supporters, including the sponsor coalition:

For over 40 years, California has required parents who receive CalWORKs to repay those benefits by intercepting their child support. Historically, many of these child support orders were also based on "presumed income," which resulted in orders that were unaffordable to low-income parents because they overstated the amount they were able to earn. When noncustodial parents could not afford to pay, this debt grew 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, \$4.5 billion of which is interest.

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—called the Debt Reduction Program—to help low-income parents who qualify to seek relief from harmful, uncollectible government-owed child support debt. See Family Code Section 17560. AB 2395 seeks to provide statewide uniformity in the program, as required in Family Code § 17560.

¹⁶ Fam. Code. § 17800

¹⁷ *Id.*, § 17801.

The bill would require the Department of Child Support Services to promulgate statewide regulations, create standard forms and procedures, and provide due process rights to applicants. AB 2395 would also update the program's statutory mandate to ensure the new regulations account for recent changes in state law that now pass along some government-owed child support collections to the custodial parent.

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). It is also a racial justice issue: California 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.

For these reasons we ask for your support of this bill.

SUPPORT

Truth and Justice in Child Support Coalition (sponsor)
Coalition of California Welfare Rights Organizations
Community Legal Services in East Palo Alto
End Child Poverty California Powered by Grace
Legal Services for Prisoners With Children
Rubicon Programs
University of the Pacific McGeorge School of Law Homeless Advocacy Clinic
Western Center on Law & Poverty
Young Community Developers

OPPOSITION

None received

RELATED LEGISLATION

Pending legislation:

AB 2195 (Celeste Rodriguez, 2026) prohibits the suspension of a license held by a child support obligor, on the basis of their back-due child support, if the obligor's annual household income is at or below 70 percent of the median income in their county of residence. AB 2195 is pending before this Committee and is set to be heard on the same date as this bill.

AB 1643 (Nguyen, 2026) requires the court to order that child support payments be directed to the State Disbursement Unit in every case and requires that every court

order for payment of child support be deemed an application for child support enforcement services unless the support obligee opts out. AB 1643 is pending before the Assembly Appropriations Committee.

Prior legislation:

SB 618 (Rubio, 2023) would have prohibited DCSS or an LCSA from collecting interest that has accrued on child support owed to the state or the county and eliminated interest on child support owed or assigned to the state or the county going forward. SB 618 died in the Senate Appropriations Committee.

SB 343 (Skinner, Ch. 213, Stats. 2023) modified the statewide uniform child support guideline and low-income adjustment, modified certain related provisions relating to childcare costs and other aspects of calculating support, and made changes to the procedures for court-ordered child support to bring California's laws into conformity with federal requirements.

AB 1092 (Jones-Sawyer, 2019) was similar to SB 618 (Rubio, 2023) in that it would have eliminated interest on child support arrears assigned to the state or county, but also included a more expansive provision that would have limited the state's ability to collect on all arrearages. Governor Newsom vetoed the bill, stating in his veto message that, while he "appreciate[d] the author's concern that charging interest on past due child support arrears can lead to uncollectable debt and make it harder for families to escape poverty," he could not support the bill because "it would lead to an estimated revenue loss of millions of dollars outside the budget process."

PRIOR VOTES

Assembly Floor (Ayes 58, Noes 17)
Assembly Appropriations Committee (Ayes 11, Noes 2)
Assembly Human Services Committee (Ayes 5, Noes 0)
Assembly Judiciary Committee (Ayes 10, Noes 2)
