
SENATE COMMITTEE ON HUMAN SERVICES

Senator Becker, Chair
2025 - 2026 Regular

Bill No: AB 2395
Author: Sharp-Collins
Version: June 11, 2026
Urgency: No
Consultant: Heather Hopkins
Hearing Date: June 29, 2026
Fiscal: Yes

Subject: Child support: compromise of arrears program

SUMMARY

This bill creates a process for the Department of Child Support Services (DCSS) to create uniform application forms, regulations, and uniform eligibility and repayment standards to ensure the compromise of arrears programs operate uniformly throughout the state.

ABSTRACT

Existing Law:

- 1) Establishes a statewide Compromise of Arrears Program 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 a Local Child Support Agency (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 the Compromise of Arrears Program 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)*

This Bill:

- 1) Increases from \$5,000 to \$10,000 the amount of child support arrears the local child support agency may compromise.
- 2) Provides that to ensure that the compromise of arrears program operates uniformly throughout the state, any program established and operated by DCSS or delegated to the administrator of a local child support agency shall be subject to specified requirements outlined below.

- 3) Provides that no later than January 1, 2028, DCSS, in consultation with stakeholders, shall promulgate regulations to implement the requirements of this bill and the adopted program regulations, policies and procedures, and forms shall be available on DCSS's website.
- 4) Requires DCSS to create uniform 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 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.
- 5) Requires the regulations include the following:
 - a. Uniform notice requirements and procedures, including, but not limited to, timeframes for the notices and procedures that ensure applications are processed in a timely manner and that the total time in 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, but not limited to, both of the following:
 - i. DCSS shall include information about the program on its internet website, including, but not limited to, the text of all applicable regulations, program forms, procedures used in the program, and a designated telephone number or email address for individuals to contact about the compromise of arrears program. Each local child support agency shall also make, at a minimum, that same program information available on its internet website.
 - ii. DCSS or its delegee shall provide written notice once annually to all obligors whose administrative files meet standards indicating they may be eligible for debt reduction.
- 6) Requires DCSS to establish uniform eligibility and repayment standards, including factors to be considered when deviating from those standards.
- 7) Requires DCSS to create a uniform, mandatory 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.
- 8) Requires DCSS to establish reporting requirements regarding the implementation of this section to evaluate the uniformity and effectiveness of the program.

- 9) Provides that these provisions shall become operative on July 1, 2027.

FISCAL IMPACT

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.

BACKGROUND AND DISCUSSION

Purpose of the Bill:

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.”

Child Support and Public Assistance

When a custodial parent receiving child support applies for public assistance, such as CalWORKs, their child support is assigned to the government. Thereafter, when the non-custodial parent pays child support, they pay the money to the government, not to the custodial parent. Under California law, the custodial parent will receive \$100 of the child support if they have one child, and \$200 if they have two or more children. The rest of the child support payment goes to the federal, state and county governments for repayment of the public assistance received by the custodial parent.

If the non-custodial parent falls behind in their child support payments, the government imposes an interest rate of 10%, one of the highest interest rates for such debts in the country. As interest accrues on the debt, and arrears increase, if and when the non-custodial parent makes payments above the amount of the original court order, the payment goes first to the parent, then to the debt, and finally to the interest. This functionally means that very little of the interest is ever collected by the government. For example, if a custodial parent with one child has a child support order of \$500 per month and applies for public benefits. The non-custodial parent initially makes \$500 payments each month. The custodial parent only receives \$100 each month from those payments. If the non-custodial parent misses payments, a 10 percent interest is added on that amount and it continues to accrue on the debt. Once the non-custodial parent begins making payments again, the custodial parent continues to only get \$100, and the remaining \$400 goes to the government to repay the public benefits the custodial parent is receiving. Even after the child turns 18 and there is no longer a child support order, interest is still accruing on the balance the non-custodial parent makes. This can last for decades with the non-custodial parent having their paycheck, veterans benefits, and even Supplemental Security Income garnished. The debt often lasts for decades solely because of the high interest rate being charged, pushing the non-custodial parent further into poverty. These parents are often very low income - the San Francisco Treasurer's Office found the average noncustodial parent makes less than \$15,000 a year and owes \$39,000 to their children and the government for child support¹. This makes the debt, still accruing 10% interest, almost entirely uncollectable.

To help reduce the debt for these families, the DCSS administers the Debt Reduction Program (formerly known as the Compromise of Arrears Program) which offers qualified parents with child support debt the opportunity to lower the arrears they owe the government. This reduction in debt is based on a calculation of income, assets, family size, and cost of living. This program does not forgive the entire debt, it does not reduce unpaid child support owed directly to the person receiving support, and it will not reduce spousal support arrears.

According to the sponsors, these programs do not run uniformly across the state, resulting in some individuals who qualify for the program being unable to enroll. This bill seeks to remedy that by requiring DCSS to develop uniform application forms and regulations so that the program runs uniformly throughout the state.

¹ <https://calmatters.org/projects/california-keeps-millions-in-child-support-while-parents-drown-in-debt/>

Related/Prior Legislation:

SB 618 (Rubio, 2023) would prohibit the DCSS or a local child support agency from collecting interest that has accrued on child support owed to the state or the county and would eliminate interest on child support owed or assigned to the state or the county going forward. This bill was held in the Senate Appropriations Committee.

AB 1686 (Bryan, Chapter 755, Statutes of 2022) establishes a presumption that, when a child is in foster care, requiring the parent or guardian to pay child support for the child is likely to impose a barrier to the family’s efforts to reunify.

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.

COMMENTS

Child support owed to the government incurs interest at a rate of 10%. The original goal of this astronomical interest rate was to motivate noncustodial parents to pay child support. The reality in many situations is instead they rack up debt that far surpasses their ability to pay. The Compromise of Arrears Program, or Debt Reduction Program as it is more commonly referred to now, aimed to reduce the debt. It is important to note this program does not include the child support owed to the parent, this is solely the money owed to the government. The sponsors indicate this critical program is not working uniformly throughout the state. This bill seeks to fix that by creating uniform application forms, regulations, and uniform eligibility and repayment standards, ensuring parents throughout California have the same access to debt reduction.

PRIOR VOTES

| | |
|------------------------------------|---------|
| Senate Judiciary Committee: | 11 - 1 |
| Assembly Floor: | 58 - 17 |
| Assembly Appropriations Committee: | 11 - 2 |
| Assembly Judiciary Committee: | 10 - 2 |

POSITIONS

Support:

- Coalition of California Welfare Rights Organizations (Sponsor)
- End Child Poverty California Powered by Grace (Co-Sponsor)
- Western Center on Law & Poverty (Co-Sponsor)
- Community Legal Services in East Palo Alto
- Legal Services for Prisoners With Children
- Rubicon Programs

Truth and Justice in Child Support Coalition
Young Community Developers

Oppose:

None received

-- END --