THIRD READING

Bill No: AB 2395
Author: Sharp-Collins (D)
Amended: 6/11/26 in Senate
Vote: 21

SENATE JUDICIARY COMMITTEE: 11-1, 6/23/26
AYES: Umberg, Allen, Ashby, Caballero, Durazo, Laird, Reyes, Stern, Wahab, Weber Pierson, Wiener
NOES: Niello
NO VOTE RECORDED: Valladares

SENATE HUMAN SERVICES COMMITTEE: 4-1, 6/29/26
AYES: Becker, Laird, Pérez, Weber Pierson
NOES: Ochoa Bogh

SENATE APPROPRIATIONS COMMITTEE: 5-2, 8/13/26
AYES: Cervantes, Cabaldon, Grayson, Richardson, Wahab
NOES: Seyarto, Dahle

ASSEMBLY FLOOR: 58-17, 5/26/26 - See last page for vote

SUBJECT: Child support: compromise of arrears program

SOURCE: Truth and Justice in Child Support Coalition

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.

ANALYSIS:

Existing law:

1) 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 of Civil Procedure (Civ. Proc.), § 685.010.)

2) 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. (Welfare & Institutions (Welf. & Inst.) Code, § 11477.)

3) Requires, notwithstanding 2), 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 2), 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. (Family (Fam.) Code, § 17504.)

4) 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. (Fam. Code, § 17504.2.)

5) 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. (Fam. Code, § 17560(a).)

6) 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).)

7) Provides that, if an obligor owes current child support, any offer in compromise pursuant to 5) 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).)

8) 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 5) 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 DCSS or a local child support agency (LCSA) determines that the obligor made misrepresentations in connection with the

offer in compromise or the obligor fails to comply with the terms and conditions of the offer in compromise. (Fam. Code, § 17560(c).)

9) 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).)

10) 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, 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 that the amount in the compromise is the most that can be expected to be paid or collected from the obligor; that the obligor does not have reasonable prospects of increasing their income or assets; and that the obligor has not withheld payments of child support in anticipation of the Debt Reduction Program. (Fam. Code, § 17560(f).)

11) 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).)

12) 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.)

13) Provides that a custodial or noncustodial parent who is dissatisfied with the LCSA's resolution of a complaint through the process in 16) 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. (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 form, as specified.

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, as specified.

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

"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, this 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. This 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.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Senate Appropriations Committee, the fiscal effect is as follows:

> Likely minor, absorbable costs 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 local child support agencies (LCSAs). To the extent participation in COAP increases, government owed arrears debt reduction-related workload would also increase. (General Fund)
>
> Likely significant costs LCSAs to implement this 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. 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. (federal Title IV-D funds, county funds, General Fund)

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 the compromise of arrears program (COAP) are already applying each year, then the marginal increase from promulgated regulations may not have a significant impact on collections. COAP focuses on case participants that have the 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 may decrease as these cases are closed or there is no assigned arrears balance to collect against in the future. 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.

SUPPORT: (Verified 8/13/26)

Truth and Justice in Child Support Coalition (Source)
Coalition of California Welfare Rights Organizations
Community Legal Services in East Palo Alto
Courage California
End Child Poverty California Powered by Grace
Family Reunification, Equity, and Empowerment Project
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: (Verified 8/13/26)

None received

ARGUMENTS IN SUPPORT: According to a coalition of this bill's supporters, including the sponsor coalition:

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. This 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.

ASSEMBLY FLOOR: 58-17, 5/26/26
AYES: Addis, Aguiar-Curry, Ahrens, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Connolly, Elhawary, Fong, Gabriel, Garcia, Gipson, Mark González, Haney, Harabedian, Hart, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Nguyen, Ortega, Pacheco, Papan, Patel, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Ward, Wicks, Wilson, Zbur, Rivas
NOES: Chen, Davies, DeMaio, Dixon, Ellis, Flora, Gallagher, Jeff Gonzalez, Hadwick, Hoover, Johnson, Lackey, Macedo, Patterson, Sanchez, Tangipa, Wallis
NO VOTE RECORDED: Alanis, Castillo, Muratsuchi, Celeste Rodriguez, Ta

Prepared by: Allison Whitt Meredith / JUD. / (916) 651-4113
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