

GOVERNOR'S VETO
AB 2395 (Sharp-Collins)
As Enrolled August 27, 2026
2/3 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, including all of the following:
 - a) No later than January 1, 2028, the department, in consultation with stakeholders, shall promulgate regulations to implement the requirements of this section, which must include uniform notice requirements and procedures, including timeframes for notice and procedures to ensure applications are processed in a timely manner and that the total time in between the initial application and final determination is no more than 180 days.
 - b) The department shall create uniform application forms and eligibility and repayment standards and mandatory repayment agreement, to be used by local child support agencies.
 - c) The department shall establish reporting requirements regarding their implementation of this section and Section 17560 to allow the department to evaluate the uniformity and effectiveness of the program.

Senate Amendments

Clarify, recast, and streamline provisions and delay implementation until July 1, 2027

Governor's Veto Message

This bill modifies the statewide Debt Reduction Program (DRP), through which parents can make an offer in compromise for child support and interest owed to the state. The bill requires the Department of Child Support Services (DCSS) to implement highly specific standardized forms and procedures across all local child support agencies (LCSAs) to ensure the DRP operates uniformly throughout the state.

I appreciate the author's intent to increase access to the DRP. However, while well-intentioned, this bill adds unnecessary complexity to provide improvements that can be achieved administratively. DCSS already has full statutory authority to establish and operate a statewide DRP. To that end, DCSS is already working with local child support agencies and other stakeholders to improve the program's transparency, fairness, and accountability.

Finally, the new complaint resolution process envisioned by this bill would require administrators to review and potentially overturn their own decisions – creating an inherent conflict of interest. These charges undermine the program's clarity and administrative integrity, and do not provide meaningful improvements for families seeking debt relief.

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, a mechanism for administrative review, and otherwise standardizes the COAP procedure for applicants across the state.

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

None on file

FISCAL COMMENTS

According to the Senate Appropriations Committee, 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.

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**ASSEMBLY FLOOR: 58-17-5****YES:** 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**NO:** Chen, Davies, DeMaio, Dixon, Ellis, Flora, Gallagher, Jeff Gonzalez, Hadwick, Hoover, Johnson, Lackey, Macedo, Patterson, Sanchez, Tangipa, Wallis**ABS, ABST OR NV:** Alanis, Castillo, Muratsuchi, Celeste Rodriguez, Ta**SENATE FLOOR: 30-10-0****YES:** Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNERney, Menjivar, Padilla, Pérez, Reyes, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener**NO:** Alvarado-Gil, Choi, Dahle, Grove, Jones, Niello, Ochoa Bogh, Seyarto, Strickland, Valladares**ASSEMBLY FLOOR: 59-13-7****YES:** 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, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Ward, Wicks, Wilson, Zbur, Rivas**NO:** Davies, DeMaio, Dixon, Ellis, Flora, Hadwick, Hoover, Johnson, Macedo, Patterson, Sanchez, Tangipa, Wallis**ABS, ABST OR NV:** Alanis, Castillo, Chen, Jeff Gonzalez, Lackey, McKinnor, Ta

UPDATED

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CONSULTANT: Manuela Boucher / JUD. / (916) 319-2334

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