



**Welcome to the 26th Annual
AB 1058 Child Support
Training Conference**

California Department of Child Support Services (DCSS) Presents

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Michael Dann, Senior Child Support Analyst

October 12, 2022



Topics

- Child Support Debt Reduction Program
- Child Support Bank Levy Enforcement
- Uncollectable Debt (AB 135)
- Pass-through of Assigned Arrears to Formerly Assisted Families (AB 207, Human Services Omnibus)
- Full Pass-through to Currently Assisted Families (AB 207, Human Services Omnibus)
- IV-E Referrals to Child Support (AB 1686)



Child Support Debt Reduction Program

April Thoma, Staff Services Manager
California Department of Child Support Services

October 12, 2022



Legal Authority

Federal Authority and Interpretive Guidance:

- 42 U.S. Code § 666(a)(9);
- 45 CFR § 302.70(a)(9) and § 303.106;
- Office of Child Support Enforcement (OCSE) Action Transmittal (AT) 89-06, in response to Comment 14; and
- OCSE Policy Interpretation Questions (PIQ) 00-03.

“States may not retroactively modify arrearages, but have discretion to compromise arrearages owed to the State.”



Legal Authority

State Statutory Authority

- California Family Code § 17550, *Family Reunification Compromise Program*:
 - Compromise parents' liability for public assistance debt in cases of separation and desertion of parent from child.
- California Family Code § 17560, *Compromise of Arrears Program* added effective August 11, 2003.
 - Currently Child Support Debt Reduction Program



Policy Goal

- Expand compromise program reach.
- Simplify program for participants.
- Focus on *ability to pay* and not the arrears balance.



Program Background

- The Compromise of Arrears Program (COAP) was established in State Fiscal Year 2003-04 as one of several responses to California's growing arrear balances.
- SFY 2011-12 COAP performance peaked in the number of applications received, collections received, and arrears compromised.
- From 2013 – 2020 COAP performance gradually declined year over year.
- 2019 CA DCSS hosted a series of sprints with LCSAs to identify areas in need of improvement and recommended solutions.
- May 2021, CA DCSS successfully implemented an improved debt compromise program - The Child Support Debt Reduction Program



What makes Debt Reduction different?

COAP offered:

- Minimal flexibility for LCSAs
- No consideration for cost of living
- Formula driven and impersonal
- Unrealistic asset and repayment expectations

Debt Reduction offers:

- Increased flexibility for LCSAs
- Aligns repayment amounts with the obligor's ability to pay
- Streamlines eligibility with equitable repayment options
- Clear rules for assets

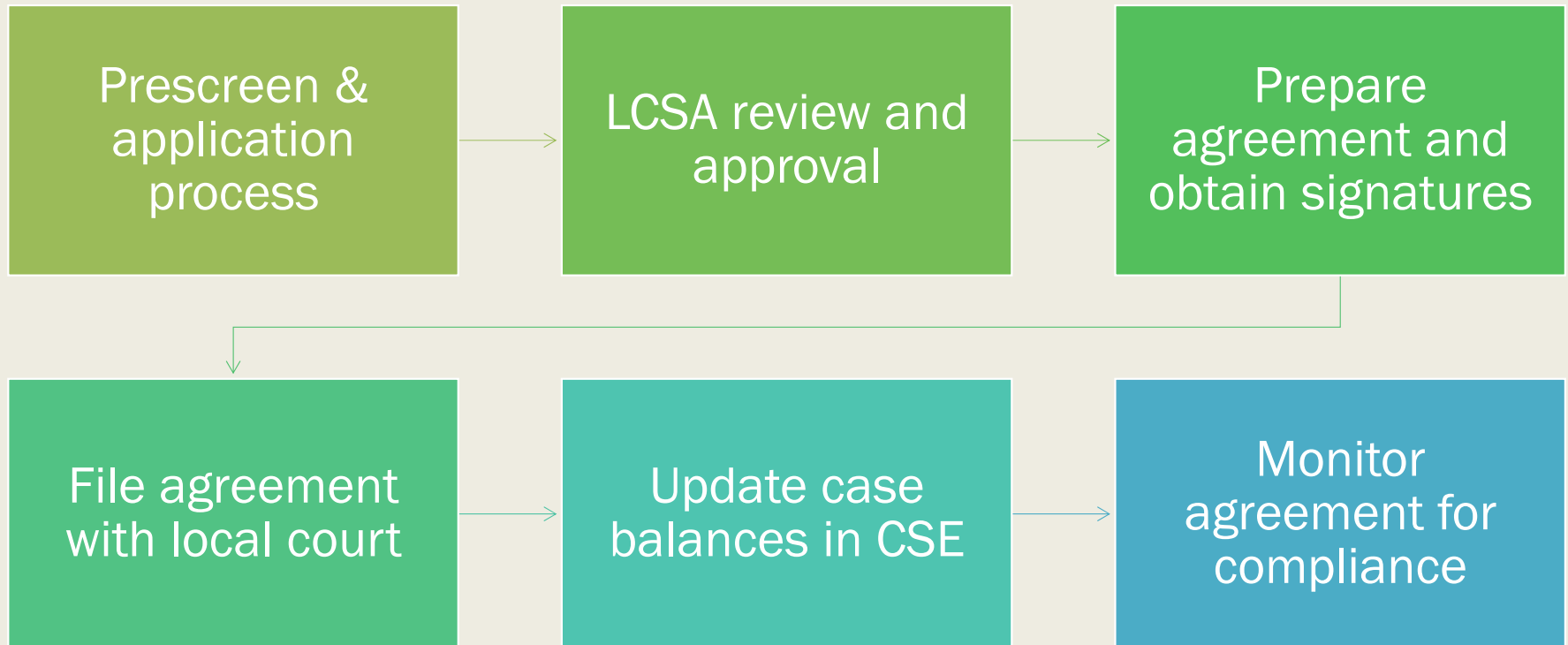


General Eligibility Criteria

- Owes child support arrears to the State of California (aka Permanently Assigned Arrears).
- Has not stopped paying child support in anticipation of participating in the Debt Reduction Program
- Has not concealed or attempted to conceal any income or assets
- Does not have the ability to pay off all arrears owed, including interest, within 12 months of the date of the agreement.
 - Income, assets, family size and county/state/territory of residence are taken into consideration.



Debt Reduction Process



What the Parent ordered to Pay Support (PPS) needs to apply

CHILD SUPPORT DEBT REDUCTION PROGRAM What You Need to Apply

Reduce or eliminate balances owed with a partial repayment. Make a reasonable offer.
Provide copies of the following documents. Do not send original copies.
Information provided is subject to verification.



- Debt Reduction Program Application**
- Dependents:** List name(s) and date of birth for each biological or legally adopted child living with you

INCOME



- Employed:** Last three (3) paystubs
- Disability:** Proof of disability, unemployment, Workers' Compensation, retirement, etc.
 - Proof of SSA Benefits or Application
 - Proof of VA Benefits
- Public Assistance:** Current award letter
 - CalWorks
 - General Relief
- Unemployed:** Provide proof of unemployment benefit or denial letter OR letter from program or person supporting you (if ineligible for unemployment benefits)
- Self Employed:** Provide Profit and Loss Statement



- Tax returns:** Last year's return including W2 forms, 1040/1040EZ, 1099 forms, and all schedules
 - If you have not filed yet, provide copies from the previous tax year
- Proof of Other Income:** Inheritances, settlements, trust accounts, spousal support, and lottery winnings

ASSETS: Do you have or own the following?



- Vehicles you own, lease, finance or co-sign
 - Latest auto loan statement(s)



- Any Personal Property Valued at \$3,500 +** (*jewelry, collector items, etc.*)
- Stocks/Bonds**
- Home/Land/Real Property:**
 - Latest mortgage statement and assessment from the Assessor's Office



- Bank Accounts**
 - Last three (3) months statements, including joint accounts and accounts owned by your spouse
 - No bank accounts? A written statement on how you cash checks or pay bills



How to assist a Parent ordered to Pay Support

- If the PPS has been denied under COAP in the past, encourage them to re-apply for Debt Reduction
 - There is no waiting period to re-apply
- Refer the PPS to DCSS' public website for more information
 - Customer education video, Brochure (PUB 310) and LCSA contact information
- To obtain an application, the PPS will need to contact their LCSA case manager
 - Paper and electronic application are available



Thank you!

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Uncollectable Debt

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October 12, 2022



Legal Authority – Section Effective 1.1.2023

- Family Code 17400(a)(2)

(A) Provided that no reduction in aid or payment to a custodial parent would result, the local child support agency shall cease enforcement of *child support arrearages assigned to the state* and other fees and costs owed to the state that the department or the local child support agency has determined to be uncollectible. If enforcement is ceased pursuant to this paragraph, cases shall be closed to the maximum extent permitted under Section 303.11 of Title 45 of the Code of Federal Regulations, as adopted under Section 118203 of Title 22 of the California Code of Regulations.



Legal Authority

- Family Code § 17400(a)(2) – Discretionary Factors

(B) In determining the meaning of uncollectible for purposes of arrearages assigned to the state and other fees and costs owed to the state, the department and the local child support agency shall consider, but not be limited to, the following factors:

- (i) Income and assets available to pay the arrearage or other fees and costs.
- (ii) Source of income.
- (iii) Age of the arrearage or other fees and costs.
- (iv) The number of support orders.
- (v) Employment history.
- (vi) Payment history.
- (vii) Incarceration history.
- (viii) Whether the order was based on imputed income.
- (ix) Other readily ascertainable debts.



Legal Authority

- Family Code § 17400(a)(2) – Mandatory Factors

(C) Notwithstanding subparagraph (B), the department and a local child support agency shall deem an arrearage assigned to the state or fees and costs owed to the state as uncollectible if the noncustodial parent's sole income is from any of the following:

- (i) Supplemental Security Income/State Supplementary Program for the Aged, Blind, and Disabled (SSI/SSP) benefits.
- (ii) A combination of SSI/SSP benefits and Social Security Disability Insurance (SSDI) benefits.
- (iii) Cash Assistance Program for Aged, Blind, and Disabled Legal Immigrants (CAPI) benefits.
- (iv) Veterans Administration Disability Compensation Benefits in an amount equal to or less than the amount the noncustodial parent would receive in SSI/SSP benefits.



Policy Goal

- Recognize that collectability of support is on a spectrum, with fully collectable on one end, somewhat collectable in the middle (compromise), and entirely uncollectable on the other end.



Collectability Study

- ❖ *Collectable*, adjective: Items (\$) able to be collected, e.g., payments, keys.
- ❖ *Collectible*, noun: Items considered worthy of collecting by enthusiasts, e.g., coins, stamps.
- DCSS obtained funding to procure an update to the 2003 Collectability Study, conducted by the Urban Institute.
- Contracted with UCSD economics professors to conduct and produce algorithm with which to examine cases.



Implementation Planning

- Identifying "mandatory" categories: Creating Tableau dashboard for LCSAs to review.
- Collectability Study will produce algorithm for how to review other category information.
 - Reviewing past policy changes – how should we consider orders based on now-disfavored policies?
- Uncollectable debt provisions must complement other statutes, such as compromise.



Implementation Planning

- To come:
 - Release of final Collectability Study.
 - Release of Policy Letter detailing implementation of policy supporting statutory authorization.
 - Regulations promulgated that support implementation.



Pass-Through of Assigned Arrears to Formerly Assisted Families

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October 12, 2022



Legal Authority – AB 207, Human Services Omnibus Pass-Through of Assigned Arrears

Section 17504.2 is added to the Family Code, to read:

(a) (1) Any amount of support collected in a month in payment of an assigned support obligation shall be passed through to a former recipient of aid under Article 2 (commencing with Section 11250) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code, except recipients of foster care payments under Article 5 (commencing with Section 11400) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code.



Legal Authority – AB 207, Human Services Omnibus Written Informational Notice

Section 17504.2 is added to the Family Code, to read:

(a)(3) The Department of Child Support Services and the local child support agencies shall provide written or electronic informational materials, which shall be developed by the Department of Child Support Services in collaboration with the Department of Social Services, to child support case participants, who are former recipients of aid, to notify them of the potential impacts of passthrough collections pursuant to this section on eligibility for public benefit programs.



Legal Authority – AB 207, Human Services Omnibus Claim Period

Section **17504.2** is added to the Family Code, to read:

(b) Notwithstanding Section 17502 of the Family Code, any passthrough payments under this section that cannot be delivered to a former recipient of aid pursuant to paragraph (2) of subdivision (a) for a period of 6 months shall not be returned to the obligor and shall be sent to recoup aid paid on behalf of the recipient pursuant to Section 11477 of the Welfare and Institutions Code. If the former recipient of aid makes a claim for the passthrough payment within 12 months of the payment being sent to recoupment, the payment shall be removed from recoupment and sent to the former recipient of aid.



Legal Authority – AB 207, Human Services Omnibus Character of Assignment

Section 17504.2 is added to the Family Code, to read:

(c) Nothing in this section shall be construed to discontinue assignments under Section 11477 of the Welfare and Institutions Code.

- Retains the character of the assignment
- Ensures that relief under FC 17400(a)(2) (uncollectable debt) and FC 17560 (debt reduction program) is still available



Legal Authority – AB 207, Human Services Omnibus Effective Date of Arrears Pass-Through

Section 17504.2 is added to the Family Code, to read:

(e) This section shall become operative on July 1, 2023, or on the date the department notifies the Legislature that the Child Support Enforcement System can perform the necessary automation to implement this section, and the Department of Child Support Services has developed and provided the written materials pursuant to subdivision (a), whichever date is later.



Legal Authority – AB 207, Human Services Omnibus Reporting Requirement

Section **17504.6** is added to the Family Code, to read:

(a) No later than May 1, 2023, the Department of Social Services, in collaboration with the Department of Child Support Services, shall submit a report to the Legislature providing an evaluation of the impact of Section 17504.2 on an individual or family's eligibility determination for other need-based assistance programs. The report shall evaluate, but is not limited to, the following:

- (1) Potential unintended impacts, both negative and positive, of this subdivision.
- (2) Potential solutions to address any identified unintended impacts, including whether an opt out is necessary in order to avoid negative impact to families.



Legal Authority – AB 207, Human Services Omnibus Full Disregard for K1/3F Families

Section **11157.1** is added to the Welfare and Institutions Code, to read:

(a) For purposes of Chapter 2 (commencing with Section 11200), any support payments as defined in Section 150 of the Family Code received by an applicant or recipient that does not require assignment or cooperation with the local child support agency pursuant to subdivision (c) of section 11477 is exempt from consideration as income and resources for the purposes of determining initial and continued eligibility and grant amount for the CalWORKs program.



Legal Authority – AB 207, Human Services Omnibus Full Disregard for K1/3F Families

Section **11157.1** is added to the Welfare and Institutions Code, to read:

(c) This section shall become operative on January 1, 2024, or the date that the Department of Social Services has determined that necessary automation within the Statewide Automated Welfare System can be complete, whichever date is later.

Also, corresponding amendments to W&I Code §11477(c).

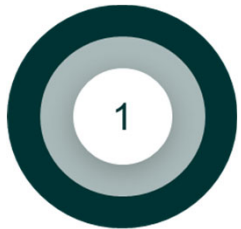


Policy Goal

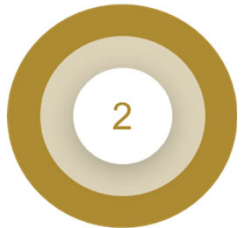
- Prioritize support to families, instead of government recoupment for aid.
 - If paid in the month ordered, families would have received at least some pass through; they receive none of the arrears collections at this time.
 - Federal government waives its share of collections when they are passed through entirely to the family.
 - Could help stabilize families' income.
 - Could encourage paying parents where they know the collections go to their family.



Federal Options for Formerly-Assisted



Retain all collections as recoupment



Discontinue assignment, making assigned arrears owed to family



Retain assignment, but pass through entire assigned arrears collection to family



Expected Impact: SFY 20-21 Example

Current Assistance

- \$149.5M collected as recoupment
- \$43M collected on mixed status cases and distributed to families
- \$18.8M pass through to families (\$50 max)

Former Assistance

- **\$187M collected as recoupment**
- \$1.2B collected and distributed to families

Never Assisted

- \$1.04B collected and distributed to families



October 2021 Representative Data

1

- Case count: 68,962

2

- Collections: \$12.4M
- Average: \$179.64
- Median: \$73.16

3

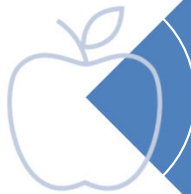
- Average age: 52
- Cases with minors: 16,316



Potential Public Benefit Impact Research



Medi-Cal and ACA
Subsidy



CalFresh and WIC



Child Care Subsidy



Full Pass-Through to Currently Assisted Families

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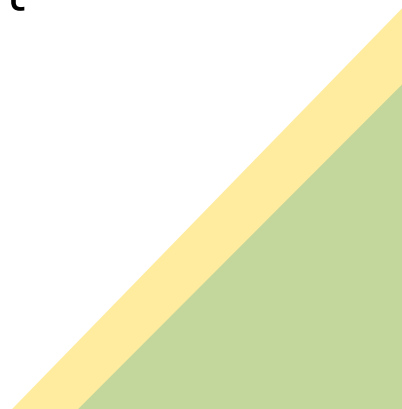
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Legislative Counter Proposal

- Pass through assigned arrears to formerly-assisted families.
+
- Pursue full pass through of support to currently TANF assisted families.
 - Corresponding full disregard from income of support received.



Legal Authority – AB 207, Human Services Omnibus Intent Language for Full Pass-Through

Section **11477.06** is added to the Welfare and Institutions Code, to read:

(a) It is the intent of the Legislature that, subject to the requirements of Section 77 of Senate Bill 189 of the 2021–22 Regular Session (Ch. 48, Stats. 2022), commencing January 1, 2025, or on the date that the State Department of Social Services and the Department of Child Support Services determine that the Statewide Automated Welfare System (SAWS) and the California Child Support Enforcement System can perform the necessary automation for this purpose, whichever date is later, the State Department of Social Services and the Department of Child Support Services provide full passthrough of child support payments to families receiving CalWORKs benefits.

(b) ...report to the Legislature evaluating the unintended impacts of the proposal described in subdivision (a) on or before April 1, 2024...



Legal Authority – AB 207, Human Services Omnibus Intent Language for Full Pass-Through

Section **11477.07** is added to the Welfare and Institutions Code, to read:

(a) The State Department of Social Services, in conjunction with the Department of Child Support Services, shall convene a workgroup that consists of representatives from the Legislature, the Department of Child Support Services, and the County Welfare Directors Association of California, and advocates for low-income families with children and noncustodial parents. The workgroup shall meet at least twice to discuss unintended consequences of enacting a full passthrough of child support payments to custodial families currently receiving CalWORKs benefits prior to the State Department of Social Services issuing the report required by subparagraph (b).



Legal Authority – AB 207, Human Services Omnibus Intent Language for Full Pass-Through

Section **11477.07** is added to the Welfare and Institutions Code, to read:

(b) The State Department of Social Services shall submit a report, on or before April 1, 2024 ... summarizing the conversations with participants in the workgroup, and including proposed mitigation strategies for preventing unintended consequences of a full passthrough of child support payments to families currently receiving CalWORKs benefits and any estimates of additional costs of implementing these recommended strategies. The report shall also include the estimated impact of federal funding levels and any estimated changes to eligibility and benefit determination for need-based assistance programs...



Overview of Pass-Through Statutes

- Permits pass through of assigned arrears to formerly-assisted families as of July 1, 2023*.
 - Joint DCSS-DSS Report due to Legislature by May 1, 2023 examining potential impacts to public benefit eligibility.
 - Includes review of whether to pursue an opt-out provision.
 - Increase to full disregard for K1/3F families (state aid codes) as of January 1, 2024*.
- Intent language to pursue full pass through and disregard of support to currently TANF-assisted families as of January 1, 2025*.
 - Joint DCSS-DSS Workgroup to examine potential impacts of full pass through.
 - DSS Report due to Legislature on impacts by April 1, 2024.

*Or when automation is complete



AB 1686

Foster Care Referrals

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California Department of Child Support Services

October 12, 2022



Legal Authority – FEDERAL

- 42 U.S. Code § 671(a)(17)
 - ... where appropriate, all steps will be taken, including cooperative efforts with the State agencies administering the program funded under part A and plan approved under part D, to secure an assignment to the State of any rights to support on behalf of each child receiving foster care maintenance payments under this part;
- New Federal Interpretive Guidance:
 - Children's Bureau - OCSE Joint Letter on Updated Child Support Referral Policy, Dear Colleague Letter (DCL) 22-06



Legal Authority – FEDERAL

Dear Colleague Letter (DCL) 22-06:

- This letter highlights a new question and answer (Q&A #5) in the Child Welfare Policy Manual (CWPM) regarding when it is appropriate for a title IV-E agency to secure an assignment of the rights to child support for a child receiving title IV-E foster care maintenance payments (FCMPs) in accordance with section 471(a)(17) of the Social Security Act.
- Previous policy directing title IV-E agencies to determine “where appropriate” on a case-by-case basis is withdrawn.
- While each title IV-E agency may determine what constitutes “where appropriate”, agencies should consider across-the-board policies.



Legal Authority – Family Code §17552 Amended

(a) (1) The State Department of Social Services, in consultation with the Department of Child Support Services, shall promulgate regulations by which the county child welfare department, in any case of separation or desertion of a parent or parents from a child that results in foster care assistance payments ... shall determine whether it is in the best interests of the child or nonminor to have the case referred to the local child support agency for child support services. ... In making the determination, the department regulations shall provide the factors the county child welfare department shall consider, including:

(A) Whether the payment of support by the parent will pose a barrier to the proposed reunification, in that the payment of support will compromise the parent's ability to meet the requirements of the parent's reunification plan.

(B) Whether the payment of support by the parent will pose a barrier to the proposed reunification in that the payment of support will compromise the parent's current or future ability to meet the financial needs of the child.

(2) The department's regulations shall require the county welfare department, in making the determination pursuant to paragraph (1), to presume that the payment of support by the parent is likely to pose a barrier to the proposed reunification.



Policy Goal

- Return children to safe and stable homes.
- Strengthen families.
- End support enforcement that harms reunification efforts.
- “Parents are typically required to engage in a variety of efforts and services to be successfully reunified with their child. This may include regular family time, therapy, parenting courses, and/or treatment for a substance use disorder.” DCL 22-06
- “It’s likely that reducing the income of the child’s parent(s) could impede their ability to engage in reunification efforts, potentially extending the time the child spends in foster care.” DCL 22-06



QUESTIONS?

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