

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

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August 9, 2024

CSSI LETTER: 24-07

ALL IV-D DIRECTORS
ALL LCSA POLICY COORDINATORS

SUBJECT: FINAL RULE: FLEXIBILITY, EFFICIENCY AND MODERNIZATION IN
CHILD SUPPORT ENFORCEMENT PROGRAMS, IMPLEMENTATION
OF CHILD SUPPORT GUIDELINE CHANGES

REFERENCE: [Chapter 213, Statutes of 2023 \[Senate Bill \(SB\) 343\]](#); [Chapter 573, Statutes of 2022 \[Assembly Bill \(AB\) 207\]](#); [Family Code \(FC\) section 4055](#); [FC section 4057](#); [FC section 4058](#); [FC section 4061](#); [FC section 4062](#); [FC section 4063](#); [The Flexibility, Efficiency, and Modernization in Child Support Enforcement Programs Final Rule published December 20, 2016, in the Federal Register, page 93492, Volume 81, Number 244](#)

PURPOSE: This child support services informational (CSSI) letter informs the local child support agencies (LCSAs) of changes to the child support guidelines related to the federal "Final Rule: Flexibility, Efficiency and Modernization in Child Support Enforcement Programs" (FEM Final Rule). This CSSI letter also provides information on a series of Child Support Enforcement (CSE) system updates.

BACKGROUND: The FEM Final Rule was issued in 2016 by the Office of Child Support Services within the U.S. Department of Health and Human Services. The FEM Final Rule aims to enhance the child support program by empowering states to implement innovative approaches, leverage technology, and prioritize the well-being of families. Its provisions aim to improve program efficiency, effectiveness, and outcomes for children and families involved in the child support system.

The California Legislature has enacted a series of statutory amendments to ensure compliance with the FEM Final Rule, starting with AB 207, which suspends child support obligations for all parents ordered to pay support (PPS) who are incarcerated or involuntarily institutionalized for more than 90 consecutive days, unless they have the means to pay. SB 343 made additional changes to be in compliance with the regulatory provisions in the FEM Final Rule which require child support guidelines that are based on the PPS' ability to pay and take into consideration the subsistence level needs of low-income PPSs. Specifically, SB 343 "revises the statewide uniform guideline for determining child support, including the amount that establishes a rebuttable

Reason for this Transmittal

- State Law, Regulation and/or Change
- Federal Law, Regulation Change
- Court Order or Settlement Change
- Clarification requested by One or More Counties
- Initiated by DCSS

presumption that the obligor is entitled to a low-income adjustment” effective September 1, 2024.

Effective July 21, 2024, the CSE system and the guideline calculator have been updated to implement Phase I of the SB 343 changes:

New Radio Button Allowing Option to Use New (SB 343) Guidelines and Old Guidelines

On July 21, 2024, the public and internal CSE guideline calculators were updated to provide the option to select the new (SB 343) guidelines. Effective September 1, 2024, the default selection in both calculators will be based on the SB 343 guidelines. This includes the updated K-factor formula, updated Low-Income Adjustment (LIA) threshold, Allocation for Child Support Add-Ons default to Prorate per Family Code 4061(b), and an informational message regarding child support exceeding 50% of the obligor’s net disposable income. The default selection will be the old guidelines from July 21, 2024 to September 1, 2024. Tax years 2023 and earlier will not provide an option to select the new (SB 343) guidelines.

Users should consult with their legal teams to determine which laws should apply to their calculations ran from July 21, 2024 to September 1, 2024, depending on the type of legal pleading to which the calculation will be attached:

- For any Summons and Complaint (S&C) manually generated to be filed after July 21, 2024, with a support commencement date of September 1, 2024 or later, child support professionals should use the “Yes – Calculate based on new child support guidelines effective September 1, 2024” option in the CSE guideline calculator.
- Auto-generated Presumed Income S&Cs will automatically apply the new guidelines after July 21, 2024, since the support commencement date for those S&Cs will be September 1, 2024 or later.
- For S&Cs generated before July 21, 2024:
 - In circumstances where the S&C has been filed but not served, the LCSA has discretion to review and determine if it would be appropriate to amend pleadings using the post-July 21, 2024 guideline calculator functionality in accordance with internal LCSA policies and court direction.
 - In circumstances where the S&C has been filed and served, consider amending the Proposed Judgment to apply the new guidelines in accordance with internal LCSA policies and court direction.

- Updated guideline calculations should be made available to the court at any motion for judgment or modification hearing taking place on or after September 1, 2024.
- LCSAs should also consider making both old and new guideline calculations available to the court at any hearing taking place between July 21, 2024 and September 1, 2024 for the court to use its discretion to make step-up or step-down orders for post-September 1, 2024 time periods.

Statewide Uniform Guideline for Determining Child Support (K-factor)

The statewide uniform guideline for determining child support ($CS = K[HN - (H\%)(TN)]$) has been updated to be in compliance with the FEM Final Rule requirements by amendments enacted in SB 343 to FC 4055(b)(3) (the fractions that make up the K-factor) effective September 1, 2024. The K-factor is a component of the statewide uniform guideline formula that considers both parents' incomes along with the percentage of time the high earner has primary physical responsibility for the children compared to the other parent. SB 343 amendments involve three changes to the K-factor table:

1. Update the income ranges of all income bands.
2. Introduce an additional income band before K-factor reaches its highest level of 25%.
3. Assign appropriate K-factors for those new and updated income bands.

Family Code Section 4055(b)(3) – Old K factor Table

Total Net Disposable Income (TN) Per Month	K
\$0-800	$0.20 + TN/16,000$
\$801-6,666	0.25
\$6,667-10,000	$0.10 + 1,000/TN$
Over \$10,000	$0.12 + 800/TN$

New (SB 343) K factor Table

Total Net Disposable Income Per Month	K
\$0-2,900	$0.165 + TN/82,857$
\$2,901-5,000	$0.131 + TN/42,149$
\$5,001-10,000	0.250
\$10,001-15,000	$0.10 + 1,499/TN$
Over \$15,000	$0.12 + 1,200/TN$

Updated Low-Income Adjustment

Prior to enactment of SB 343, FC 4055(b)(7) provided that the Judicial Council of California would annually determine the LIA threshold based on the California Consumer Price Index. Effective September 1, 2024, the Consumer Price Index will no longer be used. Instead, the LIA threshold will be based on monthly gross income earned from full-time wage determined by the current hourly minimum wage x 40 hours per week x 52 weeks per year/ 12. The Director of Finance will calculate an adjusted minimum wage by August 1 of each year pursuant to Labor Code Section 1182.12, which will become effective on January 1 of the following year. The LIA threshold will be adjusted every time minimum wage changes.

When the user selects to run a guideline calculation based on the new (SB 343) guidelines, the guideline calculator will use the new LIA threshold. If the user selects to run a guideline under the old guidelines, it will use the previously applicable LIA threshold based on the tax year selected.

Monthly Child Support Add-On Information

FC 4062 expenses were previously divided 50/50 between the parties, unless a parent requested a different apportionment and presented documentation to demonstrate a different apportionment under FC 4061(b) would be more appropriate. With the changes to FC 4061, the expenses shall be divided in proportion to the parents' net incomes as adjusted pursuant to FC 4061(c) and (d), unless a *party* requests or the court finds on its own motion that expenses should be divided in a different manner.

The guideline calculator has a section for child support add-ons with three computation radio buttons to choose from:

1. Allocate 50/50 - splits the child support add-ons between the parents evenly.
2. Prorate per Family Code 4061(b) - first adjusts the parents' gross income by the spousal support amount paid in this relationship to compute an adjusted net disposable income for each parent. The calculator specifically subtracts the amount of spousal support that the paying parent pays from that parent's gross income and adds that amount to the gross income of the parent receiving spousal support. The calculator then subtracts the basic child support amount from the PPS' net income and uses these adjusted net disposable incomes to split the child support add-ons between the parents proportionately.
3. Allocate After Support - divides the child support add-ons between the parents in proportion to the parents' net disposable incomes adjusted by only subtracting the basic child support amount from the PPS' net income. Spousal support is not taken into consideration in this calculation. The Allocate After Support radio button will be removed from the guideline calculator effective 2025.

From July 21, 2024 to September 1, 2024, the default selection for Allocation for Child Support Add-Ons will remain as "50/50," but users will be able to select Prorate per Family Code 4061(b). It will also automatically switch to "Prorate per Family Code section 4061(b)" if the user chooses to calculate based on the new child support guidelines.

Starting September 1, 2024, the guideline calculator will default to "Calculate based on new child support guidelines effective September 1, 2024 – Yes" and will default to Prorate per Family Code 4061(b) for the Allocation for Child Support Add-Ons. When tax year 2025 or a later tax year is selected, the radio button "Calculate based on new child support guidelines effective September 1, 2024" will display but be disabled, not allowing the user to select the old guidelines for those tax years.

Informational Notice when Low-Income Adjustment is Applied and Applicable

Effective August 18, 2024, the DCSS will add a new feature for guideline support calculations ran using the new (SB 343) child support guidelines. The guideline calculator will include an informational message when the criteria under FC 4057(b)(5) are met. If the LIA is applied to the calculation and the lowest amount of the LIA range exceeds 50 percent of the PPS's net disposable income (or the Other Parent's net disposable income when the Other Parent owes a net amount of support under the calculation), the following informational message will display on the user interface and

printed results: "The lowest amount in the low-income adjustment range exceeds 50% of the support obligor's net disposable income (\$X). (See FC 4057(b)(5))". The "\$X" will be equal to the PPS's net disposable income. This serves as a notice and will not prevent the user from proceeding with their guideline calculation.

Assess for Automatic Generation for Summons and Complaint (Batch Job)

Currently, the Presumed Income S&C is the only automated S&C that is generated by CSE via batch that contains an automatic guideline calculation with a child support amount. The CSE Automated Batch Process with support commencing September 1, 2024 (generated on or after July 21, 2024), will use the new guideline amounts based on the updated K-factor formula, updated LIA threshold, and the appropriate presumed income order amount.

As a note, for auto-generated Presumed Income S&Cs, the default language that the PPS be required to pay 50% of uninsured health care costs will remain unchanged. For manually generated S&Cs, the LCSA can request different division of childcare and/or uninsured health care expenses.

ACTION: Effective July 21, 2024, the CSE and public guideline calculators have been updated to include the new radio button, allowing the option to use either the SB 343 guidelines or the old guidelines. The LCSAs should familiarize themselves with the functionality changes to the Guideline Calculator, revised procedures, and training materials.

RELEVANT MATERIAL: Statewide Training titled "FEM Final Rule Guideline Calculator Changes Training" and related materials are available on Blackboard LMS. The LCSAs should refer to the updated Statewide Procedures Manual Section(s) on [Establishment Generating an Amended Summons and Complaint or an Amended Proposed Judgment](#), [Financial Support Obligation](#), and [Internal Guideline Support Calculator](#) for more details regarding the changes mentioned above.

For further clarification, refer to the following sections of the Statewide Policies and Procedures Manual:

- [2500 Establishment](#)
- [2509 Financial Support Obligation](#)
- [2510.04 Low Income Adjustment](#)
- [2510.05 Child Support Add-Ons](#)

- [2500 Establishment Generating an Amended Summons and Complaint or an Amended Proposed Judgment](#)
- [2500 Establishment Internal Guideline Support Calculator](#)

The [FEM Final Rule Outstanding Summons and Complaint Tableau Dashboard](#) is a tool available to assist the LCSAs and is to be used at their discretion. The primary purpose of this dashboard is to provide a list of cases with outstanding S&Cs that the LCSAs may want to review to implement the FEM Final Rule changes. The data in this dashboard includes cases where a S&C has been generated but has not yet resulted in a filed judgment. The Outstanding Summons and Complaint dashboard is updated daily.

PUBLIC OUTREACH: The Office of Communication and Public Affairs will be reaching out to the LCSA Directors to develop a public outreach plan based on each of the LCSA's individual needs. A press release will be posted on September 1, 2024, on the [DCSS public website](#).

ADDITIONAL INFORMATION: The Department of Child Support Services is working on Phase II of the FEM Final Rule in implementing changes to the order establishment process by January 1, 2026. This will include using specific methods to determine earning capacity and removing the option to use presumed income in the establishment process.

CONTACT: If you have any questions or concerns regarding this matter, please work with your Policy Coordinator about contacting the [Policy Branch](#).

Sincerely,

o/s

JUSTIN FREITAS
Deputy Director
Child Support Services Division