



**Welcome to the 27th Annual
AB 1058 Child Support
Training Conference**

DCSS Presents

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September 1, 2023



OVERVIEW

- Foster Care Referrals – AB 1686 (2022)
- Flexibility, Efficiency, and Modernization in Child Support Enforcement Programs (FEM) Final Rule Compliance
 - AB 207 (2022)
 - AB 1755/SB 343 (pending legislation)
- Uncollectable Debt – AB 135 (2021)
- Formerly Assisted Pass-Through – AB 207(2022)
- License Suspensions – SB 1055 (2022)



Foster Care Referrals

AB 1686

Chapter 755, Statutes of 2022



Foster Care Referrals

Federal Requirements

- **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



Foster Care Referrals

Federal Requirements

Dear Colleague Letter (DCL) 22-06:

- 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- Previous policy directing title IV-E agencies to determine “where appropriate” on a case-by-case basis is withdrawn.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.



Foster Care Referrals

Amendments to State Law – Effective January 1, 2023

■ Family Code Sec. 17552

(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) ... in that the payment of support will compromise the parent's current or future ability to meet the financial needs of the child.



Foster Care Referrals

Amendments to State Law – Effective January 1, 2023

- **Family Code Sec. 17552**

(a) (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.



Foster Care Referrals

CDSS Policy & Guidance – Effective January 1, 2023

- **CDSS All County Letter No. 23-29**
 - Counties shall no longer refer parents, whose children have been removed from the home and who are receiving Child Welfare Services, to child support agencies.
 - Applicable to cases where family reunification services are being received or have been terminated, a parent has refused reunification services, or cases that are in any other related program including, but not limited to Kin-GAP and ARC.



Foster Care Referrals

CDSS Policy & Guidance – Effective January 1, 2023

- **CDSS All County Letter No. 23-29**
 - The only exception to this new policy is if at the time of assessment, a parent's annual income is greater than \$100,000 annually or 400 percent of the federal poverty level, whichever is greater, and a referral to the child support agency will not pose a barrier to reunification.



Foster Care Referrals

DCSS Policy & Guidance

Post-1.1.23 Referrals

- Ongoing current support charges, and
- Arrears: CSS Informational Letter 23-10

Pre-1.1.23 Referrals

- Ongoing current support charges: CSS Informational Letter 23-XX
- Arrears: Uncollectability CSS Policy Letter 23-XX



Foster Care Referrals

DCSS Policy & Guidance

- **E-Comm 23-42 issued June 30, 2023**
 - LCSA handling of referrals received after January 1, 2023.
 - Interim guidance: CDSS provided authority for LCSAs to reject all pending referrals through June 30, 2023.
 - If a case record has been established and the income used to calculate support does not exceed the \$100,000 threshold, take all necessary action to cease establishment of an order.



Foster Care Referrals

DCSS Policy & Guidance

- **E-Comm 23-42 issued June 30, 2023**
 - If the Summons and Complaint has been served on the party, the LCSA may, at their discretion:
 - Dismiss the Summons and Complaint and proceed with case closure as “Opened in Error”, or
 - Proceed to judgment to establish paternity, ensuring the monetary portion of the judgment is set at \$0 and initiate case closure using existing established practices, closing the case using the “No Current Support, Arrears Zero”.



Foster Care Referrals

DCSS Policy & Guidance

- **E-Comm 23-42 issued June 30, 2023**
 - If the income used to calculate support exceeds the \$100,000 threshold:
 - Consult with the local CWD to determine if the establishment of an order represents a barrier to reunification.
 - If no barrier to reunification exists, the LCSA may proceed with establishment and/or enforcement of monetary judgments as appropriate using existing established processes.



Foster Care Referrals

DCSS Policy & Guidance

- **E-Comm 23-42 issued June 30, 2023**
 - If a court order exists and the income used to calculate support does not exceed the \$100,000 threshold, the LCSA shall:
 - Immediately cease charging current support on the foster care related account and take all actions necessary to recall any Income Withholding Orders, liens, or other enforcement remedies.
 - In consultation with the local attorney staff and best practices, ensure the monetary portion of the judgment is set aside or modified to \$0, ensuring to address both current and any arrears that accumulated from a judgment/order established on/after 1/1/23.



Foster Care Referrals

DCSS Policy & Guidance

- **CSSI Letter 23-10 issued August 11, 2023:**
 - Reject pending Service Requests (SRs) referred to child support on/after January 1, 2023, through June 30, 2023 (date interim guidance was issued).
 - New referrals should be eligible and valid referrals (i.e., meet the \$100,000 income exception and do not pose a barrier to family reunification) pursuant to the ACL policy.
 - LCSAs should work collaboratively with their CWDs when there are questions, to confirm new foster care referrals are appropriate to ensure continued compliance.



Flexibility, Efficiency, and Modernization in Child Support Enforcement Programs (FEM) Final Rule Compliance

AB 207 (Statutes of 2022)

AB 1755/SB 343 (pending legislation)



FEM Final Rule Compliance

Overview – Areas of Compliance

Incarcerated Obligor:

Prohibition against state guidelines that consider incarceration voluntary unemployment.

Earning Capacity and Presumed Income:

Requirement to consider all known specific circumstances of the support obligor when establishing support orders based on earning capacity.

Child Support Guidelines:

Requirement to consider subsistence level needs of low-income support obligors.



FEM Final Rule Compliance

Incarcerated Obligor

- **45 CFR 302.56(c)(3)**

(c) The child support guidelines established under paragraph (a) of this section must at a minimum:

(3) Provide that incarceration may not be treated as voluntary unemployment in establishing or modifying support orders.



FEM Final Rule Compliance

Incarcerated Obligors

Final rule comments regarding incarcerated obligors include:

“...the child support program is not an extension of the criminal justice system. Establishing, modifying, or enforcing a child support order is not a form of punishment for incarcerated noncustodial parents.”

Federal Register, Vol. 81, No. 244, p. 93538
Response to Comment #9



FEM Final Rule Compliance

Incarcerated Obligors

“The rule removes a collateral consequence of incarceration by requiring that orders for incarcerated parents be set based on the same standard as every other parent: ability to pay.”

Federal Register, Vol. 81, No. 244, p. 93525
Response to Comment #19



FEM Final Rule Compliance

Incarcerated Obligor

State of Oregon v. Vargas (1999) 70 Cal. App. 4th 1123

- Obligor's ability and opportunity to earn has to be established before child support can be imposed based on imputed income.
- “We simply decline to carve an exception to the rule that before earning capacity can be applied, its definition must first be satisfied.”

In re Marriage of Smith (2001), 90 Cal. App. 4th 74

- Declined to adopt such an exception and held that the crime the parent is incarcerated for is not relevant to the child support determination.



FEM Final Rule Compliance

Incarcerated Obligor

SB 1355 (Wright, Chapter 495, Statutes of 2010) added Section 4007.5 to the FC effective July 1, 2011, with a sunset date of July 1, 2015.

AB 610 (Jones-Sawyer, Chapter 629, Statutes of 2015) was signed into law October 8, 2015, resulting in completely new provisions for FC Section 4007.5. This statute was later repealed by its own terms on January 1, 2020.

AB 2325 (Carrillo, Chapter 217, Statutes of 2020) was signed into law September 28, 2020. The law reenacted the previous provisions of FC Section 4007.5, effective January 1, 2021. This statute would have been repealed on January 1, 2023; however, AB 207 deleted that date.



FEM Final Rule Compliance

Incarcerated Obligor

Assembly Bill 207 – Effective September 27, 2022

- Family Code Sec. 4007.5**
 - Automatic suspension of support

- Family Code Sec. 4058(b)(3)**
 - Annual gross income



FEM Final Rule Compliance

Incarcerated Obligor

Crime exception removed. FC 4007.5 administrative adjustment is available regardless of the type of crime committed, consistent with existing case law in California regarding modification, and Final Rule requirements:

“(a) Every money judgment or order for support of a child shall be suspended, by operation of law, for any period exceeding 90 consecutive days in which the person ordered to pay support is incarcerated or involuntarily institutionalized, unless the person owing support has the means to pay support while incarcerated or involuntarily institutionalized.”



FEM Final Rule Compliance

Incarcerated Obligor

All prior versions of FC 4007.5 were applicable only to support orders issued after the statute's enactment date.

SB 207 expanded application to every child support order, regardless of when issued, so long as period of incarceration is after the enactment date.

“(f) This section applies to any child support obligation that accrues on or after the enactment of this section regardless of when the child support order was made.”



FEM Final Rule Compliance

Incarcerated Obligors

Codifies intent that ‘*by operation of law*’ language in the two prior versions of FC 4007.5 meant that the relief would be effective when the factors required under the statute came together:

*“(i) It is the intent of the Legislature to ensure **qualified persons are provided the support suspension by operation of law** for qualified periods of incarceration or involuntary institutionalization which existed during the operative terms of the earlier versions of this statute **regardless of whether the judicial or administrative determination of arrears is made before or after the repeal of the statute**, if the earlier version of the statute provided for the money judgment or order for support to be suspended by operation of law . This section is declarative of existing law.”*



FEM Final Rule Compliance

Incarcerated Obligor

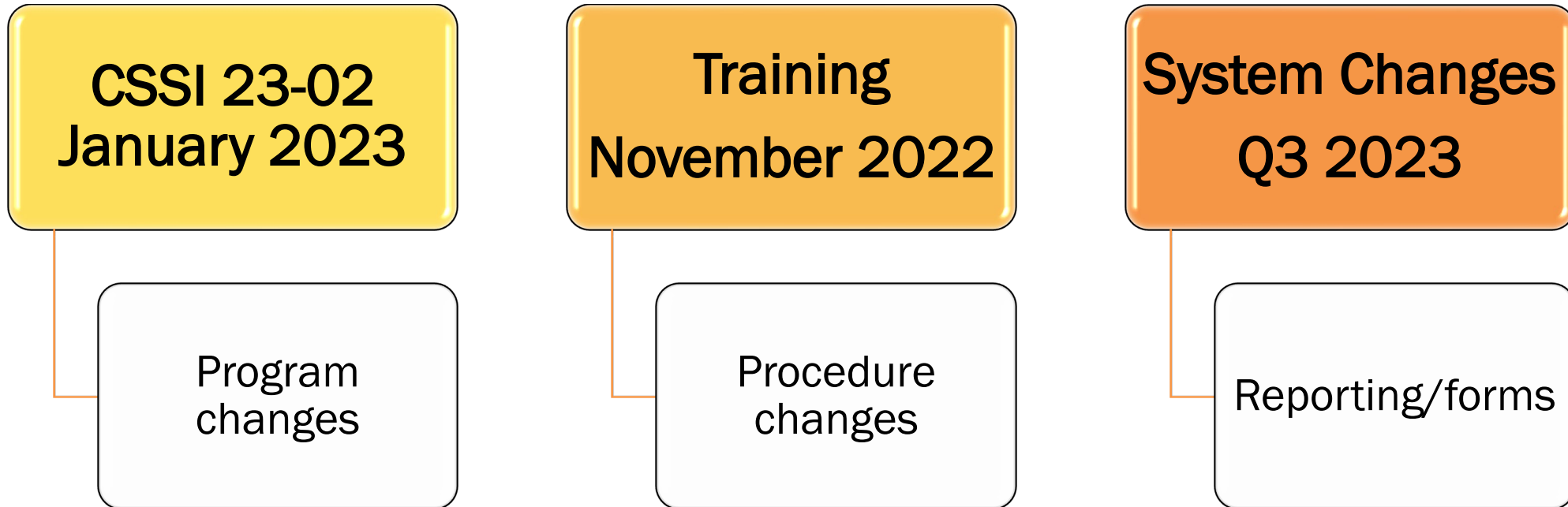
FC 4058(b)(3) amendment codifies longstanding case law in California that incarceration cannot be considered voluntary unemployment.

“(3) Notwithstanding any other law, the incarceration or involuntary institutionalization of a parent shall not be treated as voluntary unemployment in establishing or modifying support orders regardless of the nature of the offense. Incarcerated or involuntarily institutionalized has the same meaning as subdivision (e) of Section 4007.5.”



FEM Final Rule Compliance

Incarcerated Obligor – AB 207 Implementation



FEM Final Rule Compliance

CSS Informational Letter 23-02

- Only exception to suspension is if PPS has means to pay while incarcerated
- Interest continues to accrue for pre-existing principal balances
- Removal of the sunset date
- Suspension by operation of law for prior two versions of the statute



FEM Final Rule Compliance

Incarcerated Obligor – AB 207 Implementation

Report

- Due January 2026
- Add indicator for suspended orders on the Support Order Detail page

Forms

- Removal of suspension exceptions due to domestic violence or non-payment
- BE applied



FEM Final Rule Compliance

Incarcerated Obligor – AB 207 Implementation

Legislation

AB 1148

SOMS
Webservice

April 2023
Release

Judicial
Council

Forms: FL-192, FL-490,
FL-676, FL-676-INFO
Clarification of relief
for prior versions of
statute



FEM Final Rule Compliance

AB 207 Implementation – SOMS Webservice

SOMS File Exchange

- 2020
- Before: SOMS Match Report required manual review and transfer of info into CSE
- After: Automated, daily state prison data in CSE

SOMS Webservice

- April 2023
- Provides real-time search capabilities
- Allows LCSAs to locate participants when records are not saved in CSE via automation



FEM Final Rule Compliance

AB 1755/SB 343 Pending Legislation

- Companion bills introduced in Senate (Skinner) and Assembly (Jud. Comm.)
 - Repeal outdated statutes
 - Make changes to the Guideline Statutes
 - Update requirements for imputing income in initial pleadings
 - Add/enhance procedural safeguards for orders based on imputed income (i.e., earning capacity)



FEM Final Rule Compliance

AB 1755/SB 343 Pending Legislation

Amendments to Family Code Sec. 4058:

- Reminder re: A.B. 207 (2022)
- Companion Bills
 - Add sources (capital gains, severance pay, etc.) to what should be considered income
 - Expressly require courts to use earning capacity when actual income is unknown



FEM Final Rule Compliance

AB 1755/SB 343 Pending Legislation

Amendments to Family Code Sec. 17400(d)(2):

- Three ways to plead based on income:
 - Actual income
 - Earning capacity in lieu of actual income when actual income is known
 - Earning capacity when actual income is not known



FEM Final Rule Compliance

AB 1755/SB 343 Pending Legislation

Amendments to Family Code Sec. 17400(d)(2)(A)(iii)
(Category 3):

- Complaint shall set forth steps first taken to determine actual income, including:
 - Attempting to contact obligor at least three times
 - Seeking info from party seeking support
 - Searching available databases for employment and/or income information



FEM Final Rule Compliance

AB 1755/SB 343 Pending Legislation

- Procedural Requirements for the Complaint:
 - Must inform obligor of the basis for the proposed support,
 - If based on earning capacity (Category 2 or Category 3), must inform of the factors considered, and
 - If the proposed judgment is based on earning capacity, the LCSA must file a motion for judgment under FC 17404(b)



FEM Final Rule Compliance

AB 1755/SB 343 Pending Legislation

New Requirement Mandatory Follow-up FC 17430(e):

- On earning capacity orders under 17400(d)(2)(A)(iii) (Category 3):
 - Within one year of judgment and annually thereafter until a modified order is entered, LCSAs must:
 - Review a case for sufficient additional evidence of income:
 - To establish an actual income order; or
 - To establish a different earning capacity order



FEM Final Rule Compliance

AB 1755/SB 343 Pending Legislation

New Requirement Mandatory Follow-up FC 17430(e):

- On earning capacity orders under 17400(d)(2)(A)(iii) (Category 3):
 - If review finds sufficient additional evidence, the LCSA must:
 - File a motion to modify prospectively within 60 days
 - Additional evidence constitutes a change in circumstances
 - LCSA may file the motion earlier upon discovery of evidence



FEM Final Rule Compliance

AB 1755/SB 343 Pending Legislation

Amendments to FC 17432 (Motions to Set Aside):

- Applicable to both types of earning capacity orders entered by default:
 - Extends time to file from one year to two years, but
 - Timeline not triggered until first collection received via income withholding order (IWO).
 - LCSA must notify both parties of the first collection from IWO and commencement of the two-year time window.
 - Subsequent legal action to modify support prospectively that does not address set-aside does not preclude the filing of a set-aside motion at a later date.



FEM Final Rule Compliance

AB 1755/SB 343 Pending Legislation

Additional Amendments:

- **FC 4061:** changes default apportionment of add-on expenses to in proportion to each parent's net income
- **FC 4062:** requires court to order actually incurred childcare costs related to employment or education unless they are part of the guideline calculation
- **FC 4063:** costs actually incurred for childcare that is for employment or education are presumed reasonable



FEM Final Rule Compliance

Child Support Guidelines

- Requirement to consider subsistence level needs of support obligors who have a limited ability to pay. [45 CFR Sec. 302.56(c)(1)(ii)]

State guidelines must provide that the child support order is based on the obligor's earnings, income, and other evidence of ability to pay that:

“Takes into consideration the basic subsistence needs of the noncustodial parent (and at the State’s discretion, the custodial parent and children) who has a limited ability to pay by incorporating a low-income adjustment, such as a self-support reserve or some other method determined by the State.”



FEM Final Rule Compliance

Child Support Guidelines

2021 Quadrennial Review Recommendations:

Revamp the low-income adjustment

- Update the low-income adjustment income threshold, but continue to allow for cost-of-living increases
- Modify the bottom income bands of the K-factor formula so the total net disposable income of the low-income parents does not put them in the band that assigns the highest percentage of income to support
- Address the adverse impact of the multiplier by capping support or providing a deviation factor for support exceeding a threshold relating to the Consumer Credit Protection Act limit.



FEM Final Rule Compliance

Child Support Guidelines

Current K-factor Table

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

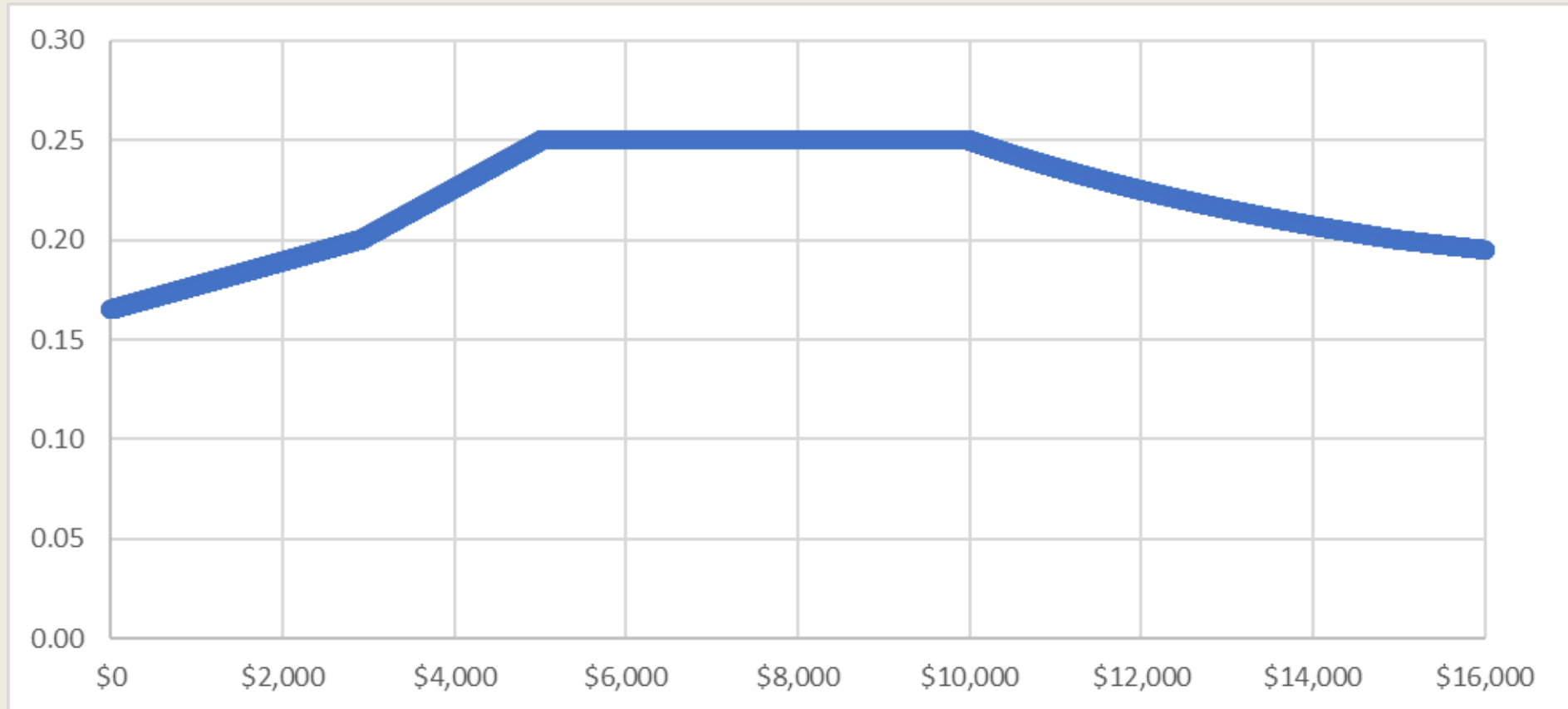
Proposed K-factor Table

Total Monthly Net Disposable Income (TN)	K-factor
\$0-2,900	$0.165 + TN/82,857$
\$2,901-5000	$0.131 + TN/42,149$
\$5,001-10,000	0.250
\$10,001-15,000	$0.10 + 1,499/TN$
Over \$15,000	$0.12 + 1,200/TN$



FEM Final Rule Compliance Child Support Guidelines

- Graph of K-factor values under the proposed table:



FEM Final Rule Compliance Child Support Guidelines

Current minimum wage/presumed income orders for 1 child:

CS: \$567

Net Income: \$2,266

25% of net income

Calculation Results Summary

Monthly Support Totals	Parent 1	Parent 2
Monthly Child Support Amount	567.00	0.00
Basic Child Support Amount	567.00	0.00
Child Support Add-Ons Amount	0.00	0.00
Child Care	0.00	0.00
Visits/Travel Expenses	0.00	0.00
School Expenses	0.00	0.00
Uninsured Health Expenses	0.00	0.00
Total Arrears Support Amount	0.00	0.00
Temporary Spousal Support Amount (N/A)	0.00	0.00
Monthly Tax/Income Information (Tax Year: 2023)	Parent 1	Parent 2
Monthly Net Disposable Income	2266.00	0.00
Monthly Taxable & Non-Taxable Gross Income	2686.00	0.00
Monthly Taxable Gross Income	2686.00	0.00
Monthly Non-Taxable Gross Income	0.00	0.00
Federal Adjusted Gross Income	2686.00	0.00
Federal Taxable Income	1532.00	0.00
Net Income After Support	1699.00	567.00
Federal Tax Filing Status	SINGLE	HEAD OF HOUSEHOLD
Number of Tax Exemptions (Federal)	1	2



FEM Final Rule Compliance Child Support Guidelines

Current minimum wage/presumed income orders for 2 children:

CS: \$906

Net Income: \$2,266

40% of net income

Calculation Results Summary

Monthly Support Totals	Parent 1	Parent 2
Monthly Child Support Amount	906.00	0.00
Basic Child Support Amount	906.00	0.00
Child Support Add-Ons Amount	0.00	0.00
Child Care	0.00	0.00
Visits/Travel Expenses	0.00	0.00
School Expenses	0.00	0.00
Uninsured Health Expenses	0.00	0.00
Total Arrears Support Amount	0.00	0.00
Temporary Spousal Support Amount (N/A)	0.00	0.00
Monthly Tax/Income Information (Tax Year: 2023)	Parent 1	Parent 2
Monthly Net Disposable Income	2266.00	0.00
Monthly Taxable & Non-Taxable Gross Income	2686.00	0.00
Monthly Taxable Gross Income	2686.00	0.00
Monthly Non-Taxable Gross Income	0.00	0.00
Federal Adjusted Gross Income	2686.00	0.00
Federal Taxable Income	1532.00	0.00
Net Income After Support	1360.00	906.00
Federal Tax Filing Status	SINGLE	HEAD OF HOUSEHOLD
Number of Tax Exemptions (Federal)	1	3
State Tax Filing Status	SAME AS FEDERAL	SAME AS FEDERAL



FEM Final Rule Compliance

Child Support Guidelines

Proposed minimum wage/presumed income order for 1 child:

- Net Income: \$2,266
- New K Factor: $0.165 + TN/82,857 = 0.165 + 2,266/82857 = 0.165 + 0.02 = 0.185$
- $CS = K[HN - (H\%)(TN)] = 0.185 \times [2,266 - 0] = \419
 - **\$419 vs. \$567**
 - **18.5% of net income vs. 25% of net income**



FEM Final Rule Compliance

Child Support Guidelines

Proposed minimum wage/presumed income order for 2 children:

- Net Income: \$2,266
- New K Factor: $0.165 + TN/82,857 = 0.165 + 2,266/82857 = 0.165 + 0.02 = 0.185$
- $CS = K[HN - (H\%)(TN)] = 0.185 \times [2,266 - 0] = \$419 \quad \$419 \times 1.6$
 - **\$670 vs. \$906**
 - **30% of net income vs. 40% of net income**



FEM Final Rule Compliance

Child Support Guidelines - LIA

Amendments to FC 4055(b)(7):

- Ties LIA to amount of gross income earned from full-time minimum wage as established by Labor Code 1182.12
 - Adjusted by the Legislature at predictable intervals
 - Increases efficiency for LIA updates



FEM Final Rule Compliance

Child Support Guidelines - LIA

Proposed minimum wage/presumed income order for 1 child:

- Apply proposed LIA threshold (gross income from minimum wage, \$2,686):
- $\$419 \times \frac{(\$2,686 - \$2,266)}{\$2,686} = \$419 \times \frac{420}{2,686} = \$419 \times 0.15 = \$62$ LIA order: $\$419 - \$62 = \$357$
 - **\$357 vs. \$567**
 - **15.75% of net income vs. 25% of net income**



FEM Final Rule Compliance

Child Support Guidelines - Deviation

Amendments to FC 4057(b)(5):

- When obligor receives an LIA, allows deviation from guideline to cap support at 50 percent of net disposable income.

(5) A support obligor qualifies for the low-income adjustment pursuant to paragraph (7) of subdivision (b) of Section 4055 and the amount of child support established by the formula exceeds 50 percent of the support obligor's net disposable income as defined in Section 4059 after application of the low-income adjustment. The amount of any adjustment pursuant to this paragraph shall not be greater than the amount exceeding 50 percent of the support obligor's net disposable income.



FEM Final Rule Compliance Implementation Sprints

Sprint 1
January 2023

Program
Changes

Sprint 2
March 2023

System
Changes

Sprint 3
April 2023

Establishment

Sprint 4
May 2023

Legal



FEM Final Rule Compliance Implementation

Understand

Current intake
and
establishment
practices

Identify

Program changes
that can be made
now to prepare
for a FEM future



FEM Final Rule Compliance Implementation

Intake

- Interview both parties
- Enhanced interviews: BE, TI, accessibility, equity

Investigation

- Ask questions to gather information about specific circumstances



FEM Final Rule Compliance Implementation



Guideline changes effective 9.1.2024 a priority (K Factor and LIA)

Need for a new “persona” page in CSE
New page to summarize all data points related to FEM factors

Persona page will display information to consider when reviewing a case for pleadings or modification

Persona page will provide hyperlinks to other CSE pages for ease of use (e.g. earning capacity calculator)



Uncollectable Debt

AB 135

Chapter 85, Statutes of 2021



Uncollectable Debt

- AB 135 (2021)
 - Human services omnibus
 - Signed into law on July 16, 2021
- Amended **FC 17400** to require LCSAs to cease enforcement of child support arrearages and otherwise past due amounts owed to the state that have been deemed uncollectable as specified



Uncollectable Debt

- **FC 17400(a)(2)(A)**
 - LCSAs shall cease enforcement of arrearages and other fees and costs that are assigned to the state
 - Case shall be closed to the maximum extent permitted under state and federal law



Uncollectable Debt

- **FC 17400(a)(2)(C): “Sole Source of Income” Category**
 - **State-owed debt shall be deemed uncollectable if noncustodial parent’s sole source of income is:**
 - SSI/SSP benefits
 - A combination of SSI/SSP benefits and SSDI benefits
 - CAPI benefits
 - Veterans Administration Disability Compensation Benefits in an amount equal to or less than the amount the NCP would receive in SSI/SSP benefits



Uncollectable Debt

- **FC 17400(a)(2)(B): Circumstantial Factors**
 - In determining the meaning of uncollectable, DCSS and the LCSAs shall consider, but not be limited to:
 - Income and assets available
 - Age of the arrearage
 - Employment history
 - Incarceration history
 - Other readily ascertainable debts
 - Source of income
 - Number of support orders
 - Payment history
 - Order based on imputed income



Uncollectable Debt

- **FC 17400(a)(2)(D): Implementation timeline**
 - Notwithstanding the Administrative Procedure Act (APA), DCSS may initially implement and administer this program through child support services letters
 - DCSS must adopt regulations to implement by July 1, 2024



Uncollectable Debt Implementation

- Phase 1: “Sole Source of Income” Category
 - CSSI Letter
 - Data dashboard of qualifying participants



Uncollectable Debt Implementation

- Phase 2: Circumstantial Factors
 - Commissioned study by researchers at the University of California San Diego (UCSD)



Formerly Assisted Pass-Through

AB 207

Chapter 573, Statutes of 2022



Formerly Assisted Passthrough (FAPT)

- Federal Authority: **42 U.S.C. § 657(a)(2)(B)(ii) & (a)(6)(A)**
 - Option to pay to the family the State share of collections on assigned arrears
 - Not required to pay the Federal share to the extent the state pays the amount to the family



FAPT: State Law

- AB 207 (2022)
 - Human service omnibus
 - Signed into law on September 27, 2022
- Added section **17504.2** to the Family Code, which resulted in FAPT



FC 17504.2: Eligibility

- **FC 17504.2(a)(1)**
 - Any amount of support collected in a month in payment of an assigned support obligation shall be passed through to the former recipient of aid
 - Exception: recipients of foster care payments (reason: see **42 U.S.C. § 657(e)**)
- **FC 17504.2(d)**
 - Does not discontinue assignment under section **11477** of the Welf. & Inst. Code



FC 17504.2: Participant Notification

- **FC 17504.2(a)(3)**
 - DCSS and LCSAs shall provide written or electronic materials to case participants who are former recipients of aid
 - Materials shall notify of potential impacts of passthrough collections on eligibility for public benefit programs



FC 17504.2: Undeliverable Payments

- **FC 17504.2(b)**

- FAPT payments that cannot be delivered for a period of six months shall be sent to recoup aid
- Former recipient can make a claim for the payment within 12 months of it being sent to recoupment
- DCSS must report to the Legislature on claims made twenty-seven months after **FC 17504.2's** operative date



FC 17504.2: Implementation

- **FC 17504.2(d)**
 - Notwithstanding the APA, the Department of Social Services and DCSS may implement, interpret, or make **FC 17504.2** specific using letters until regulations are adopted
- **FC 17504.2(e)**
 - Operative July 1, 2023 or on the date DCSS notifies the Legislature that CSE can handle functionality and written materials are prepared, whichever is later
 - Expected April 2024



License Suspensions

SB 1055

Chapter 830, Statutes of 2022



License Suspension

- Federal Authority: **42 U.S.C. § 666(a)(16)**
 - States must have in effect "[p]rocedures under which the State has (and uses in appropriate cases) authority to withhold or suspend, or to restrict the use of driver's licenses . . . of individuals owing overdue support or failing, after receiving appropriate notice, to comply with subpoenas or warrants relating to paternity or child support proceedings."



License Suspension: FC 17520

- **FC 17520(b):** LCSAs must maintain a list of persons who are not in compliance with a support order and certify and submit them to DCSS on a monthly basis
- **FC 17520(c):** DCSS must consolidate certified lists from LCSAs and provide a consolidated list to each board



New and Renewing Licenses

- **FC 17520(e)(1) - (e)(2)**
 - Board has authority to withhold issuance or renewal
 - Board issues notice of intent to withhold
 - Board issues a temporary license for 150 days
 - Only non-commercial temporary driver's license can be extended for an additional 150 days upon request of the LCSA or court order



Existing Licenses

- **FC 17520(e)(3)**
 - DCSS provides supplemental list of obligors who have been on the certified list for more than four months
 - Licenses subject to suspension
 - Board must serve notice of automatic suspension after 150 days
 - Inapplicable to licenses subject to annual renewal or fee



SB 1055: FC 17520.5

- On the list(s) sent to the DMV, DCSS shall not include the name of an obligor if the obligor's annual household income is at or below 70% of the median income for the county in which DCSS or the LCSAs believes the obligor resides, based on data published by the Department of Housing and Community Development
- Operative January 1, 2025
- Shall only apply to noncommercial driver's licenses after January 1, 2027



SB 1055: Samples Using 2023 DHCD Income Data

An obligor who is a member of a two-person household with an annual gross income at or below the following thresholds would not be submitted on the certified lists to the DMV if FC 17520.5 were operative

County	Income	County	Income
Alameda	\$82,810	Mendocino	\$50,225
Calaveras	\$53,865	Mono	\$53,655
Fresno	\$46,935	San Bernardino	\$52,920
Lassen	\$46,935	San Francisco	\$98,000
Los Angeles	\$54,985	Shasta	\$50,295



Thank you!

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