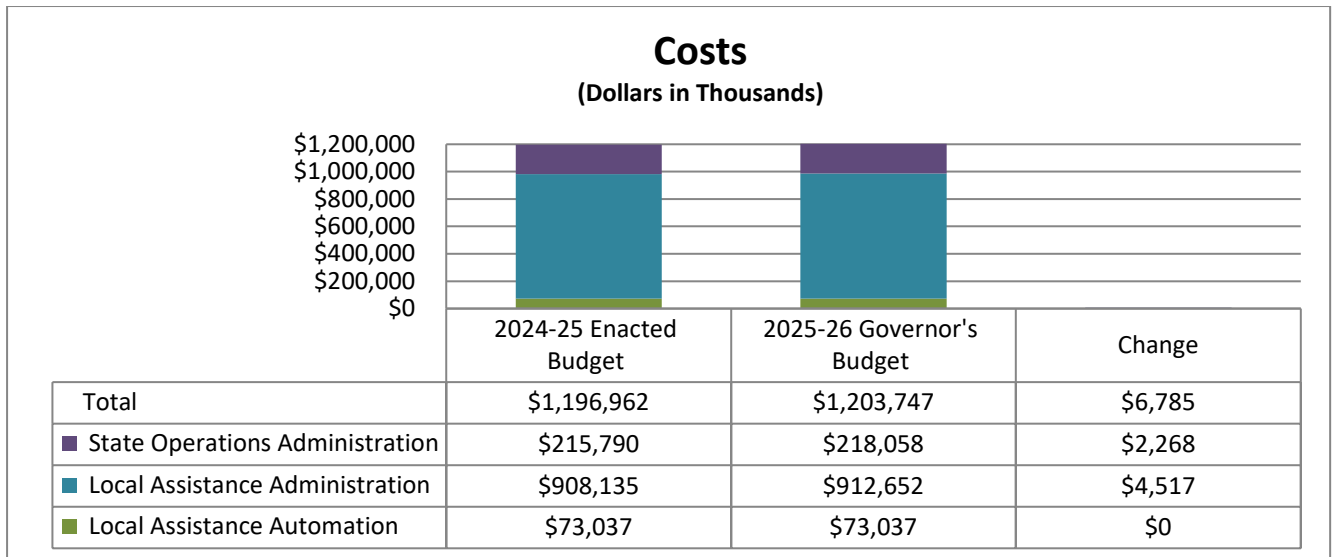


2025-26 Governor's Budget Highlights

The mission of the California Child Support Program is to promote parental responsibility to enhance the well-being of children by providing child support services to establish parentage and collect child support. The proposed State Fiscal Year (SFY) 2025-26 budget is \$1.2 billion (\$373.71 million State General Fund (SGF), \$830.04 million other funds).

Budget Year 2025-26 Governor's Budget:

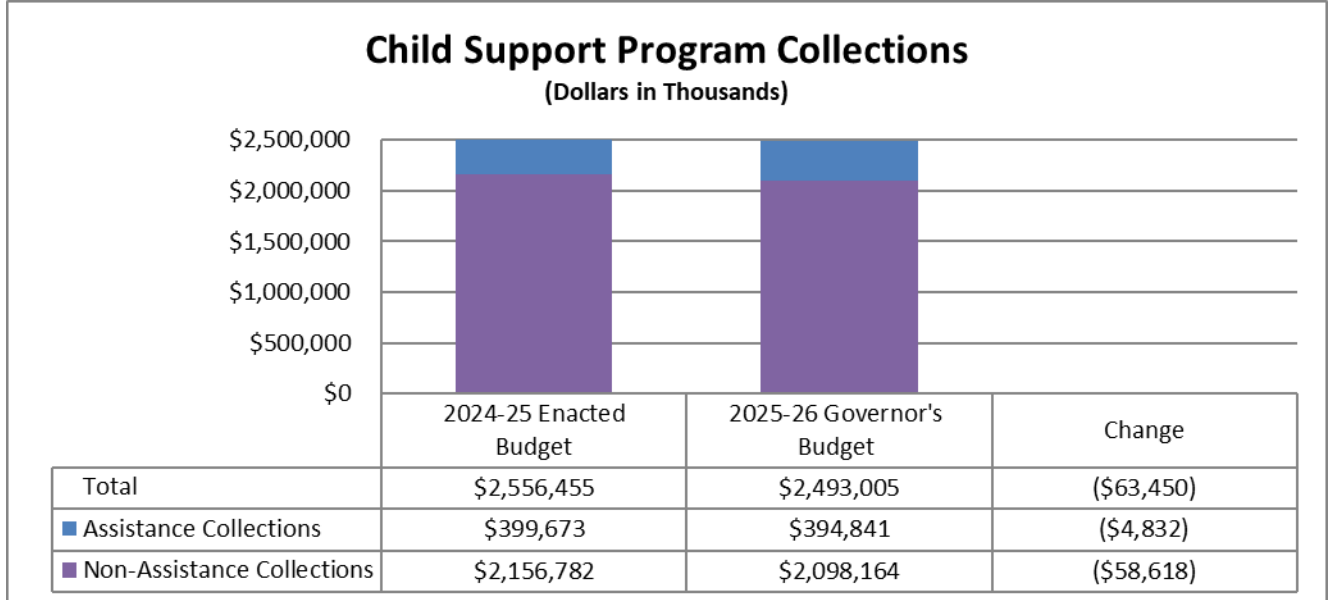


Summary of State Operations Adjustments:

- \$3.43 million (\$1.17 million SGF) increase for Employee Compensation adjustments.
- \$3.88 million (\$1.32 million SGF) decrease for Retirement.
- \$2.71 million (100 percent Federal) increase for Statewide Cost Allocation Plan.

Summary of Local Assistance Administration Adjustments:

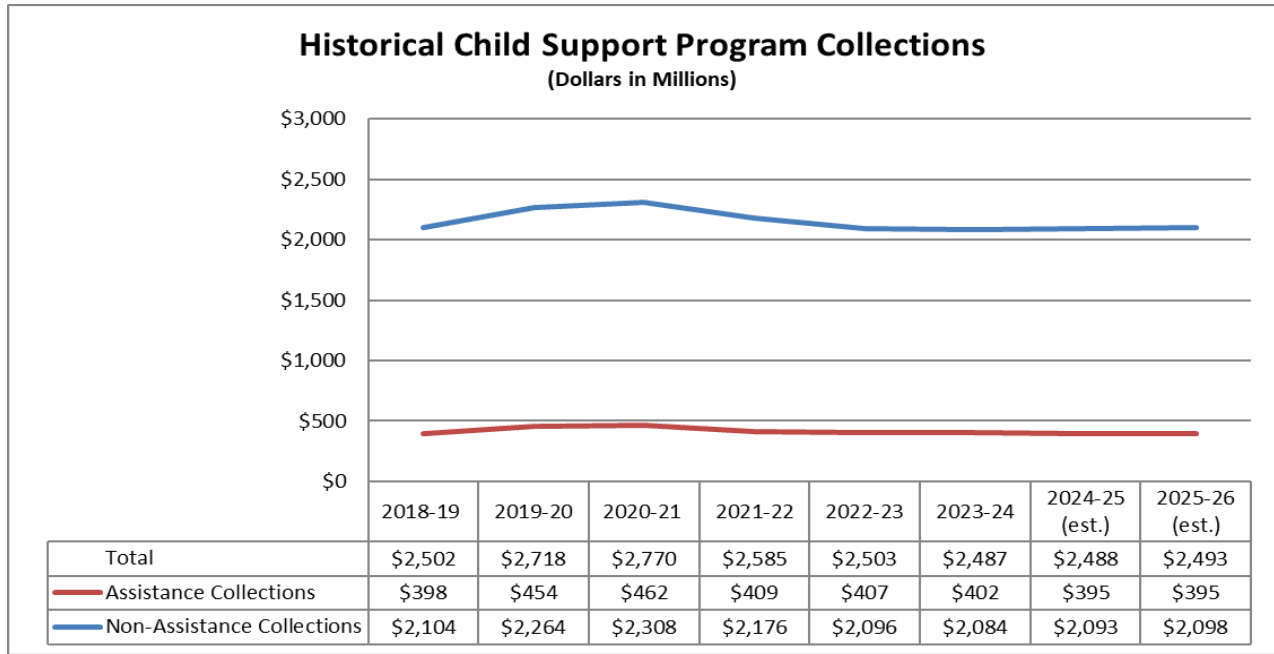
- \$3.40 million increase for Federal Performance Basic Incentives. The incentive estimate was increased based on prior year actuals.
- \$59,000 decrease for the Deficit Reduction Act- Mandatory Fees.
- \$1.18 million increase for the newly awarded Next Generation Child Support Employment Services Section 1115 Federal Grant. Section 1115 grants are 100% federally funded.



The SFY 2025-26 Child Support Assistance and Non-Assistance Collections estimate for the budget year is based on the latest data and trends. Based on the analysis, DCSS anticipates a decrease of \$63.45 million (-2.5%) in total collections, \$4.83 million (-1.2%) in assistance collections and a decrease of \$58.62 million (-2.7%) in non-assistance collections.

Policy changes impacting collections:

- Chapter 755, Statutes of 2022 amended Family Code section 17552 requiring the Department of Social Services (DSS) to revise county welfare department regulations related to foster care cases. As a result, DSS issued a new policy requiring that the counties no longer refer parents whose children have been removed from the home and who are receiving Child Welfare Services to the child support program. DCSS estimates that this policy change will reduce foster care recoupment collections by \$8.05 million (\$2.56 million SGF) in SFY 2024-25, and \$9.44 million (\$3.00 million SGF) in SFY 2025-26.
- Beginning in May 2024, DCSS began the pass through of arrears collections to formerly assisted families. It is estimated that the pass through of these collections will result in \$118.07 million (\$65.46 million SGF, and \$52.61 million Federal) reduction in recoupment revenue. The state share includes \$2.95 million to offset county revenue losses in SFY 2024-25. In SFY 2025-26 the impact is estimated to be \$118.43 million (\$66.66 million SGF, \$52.77 million Federal). Included in the state share is \$2.96 million to offset county revenue losses.



Note: The chart above includes the mandatory fees collected from the Person Receiving Support.