

**CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES**

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**TO:** RECIPIENTS OF THE DCSS 2026-27 GOVERNOR'S BUDGET

**FROM:** MATHEW MACY, Budget Manager, Budget Support Section

**DATE:** JANUARY 9, 2026

**SUBJECT:** DEPARTMENT OF CHILD SUPPORT Governor's Budget estimates for the Department of Child Support Services.

The 2026-27 Governor's Budget Estimate updates the Department of Child Support Services (DCSS) local assistance budget for State Fiscal Years (SFY) 2025-26 and 2026-27. It provides estimates of the administrative costs for the local child support agencies and a detailed methodology for each estimate. The total costs for DCSS are estimated to be \$1.21 billion (\$371.99 million State General Fund (SGF)) for SFY 2025-26 and \$1.22 billion (\$378.04 million SGF) for SFY 2026-27. Total distributed child support collections and revenues are projected to be \$2.52 billion (\$116.34 million SGF) for SFY 2025-26 and \$2.53 billion (\$116.72 million SGF) for SFY 2026-27.

Also included is an Auxiliary Tables section that consists of charts reflecting historical child support collections, and federal performance measures.

The material contained in the Governor's Budget Estimate package will also be available on the DCSS website at: <https://dcss.ca.gov/budget>. Should you have any questions, please contact the Budget Support Section at (916) 464-5801.



**SFY 2026-2027 GOVERNOR'S BUDGET**

**AND**

**LOCAL ASSISTANCE ADMINISTRATIVE COSTS  
AND COLLECTIONS ESTIMATES**

**TABLE OF CONTENTS**

COST TABLE 1: 2025-26 ENACTED BUDGET	1
COST TABLE 2: 2025-26 NOVEMBER ESTIMATE	2
COST TABLE 3: 2026-27 GOVERNOR'S BUDGET	3
COLLECTION TABLE 1: 2024-25 ACTUALS	4
COLLECTION TABLE 2: 2025-26 ENACTED BUDGET	5
COLLECTION TABLE 3: 2025-26 NOVEMBER ESTIMATE	6
COLLECTION TABLE 4: 2026-27 GOVERNOR'S BUDGET	7
LOCAL CHILD SUPPORT AGENCY BASIC COSTS	8
FEDERAL PERFORMANCE BASIC INCENTIVES	10
PARENTAGE OPPORTUNITY PROGRAM (ASSEMBLY BILL 2684)	13
LOCAL CHILD SUPPORT AGENCY REVENUE STABILIZATION	15
INTERNAL REVENUE SERVICE INTERCEPT FEES	17
DEFICIT REDUCTION ACT – MANDATORY FEE	18
SECTION 1115 GRANT NEXT GENERATION CHILD SUPPORT EMPLOYMENT SERVICES DEMONSTRATION	20
CALIFORNIA CHILD SUPPORT AUTOMATION SYSTEM – STATEWIDE DISBURSEMENT UNIT	22
CALIFORNIA CHILD SUPPORT AUTOMATION SYSTEM – CHILD SUPPORT ENFORCEMENT	23
CHILD SUPPORT COLLECTIONS RECOVERY FUND	24
CHILD SUPPORT PROGRAM COLLECTIONS ASSISTANCE AND NON-ASSISTANCE	25
DISREGARD PAYMENTS TO FAMILIES	27
PASSTHROUGH PAYMENTS TO FORMERLY ASSISTED FAMILIES	29
TITLE IV-E CHILD SUPPORT COLLECTIONS RECOVERY FUND	31
NEVER ASSISTED CASES FEE RECOVERY	33
DISCONTINUED PREMISES	34
APPENDIX A – FEDERAL MEDICAL ASSISTANCE PERCENTAGE	35
PREMISE DESCRIPTIONS APPENDIX B – LIST OF ACRONYMS	36
TOTAL DISTRIBUTED COLLECTIONS FOR STATE FISCAL YEARS 2022-23 through 2026-27	37

TOTAL DISTRIBUTED COLLECTIONS FOR FEDERAL FISCAL YEARS 2020 through 2024	38
TOTAL COLLECTIONS RECEIVED BY SOURCE FOR STATE FISCAL YEAR 2023-24	39
FEDERAL PERFORMANCE MEASURES AT A GLANCE	40
NON IV-D CHILD SUPPORT COLLECTIONS	43
NON IV-D COLLECTION TABLE SUMMARY	44

**COST TABLE 1: 2025-26 ENACTED BUDGET**

<b>BUDGETED ITEM</b>	<b>Total</b>	<b>Federal</b>	<b>State</b>	<b>County</b>	<b>Reimbursement</b>
<b>Child Support Program Costs</b>	<b>1,201,432</b>	<b>816,314</b>	<b>371,395</b>	<b>13,600</b>	<b>123</b>
<b>State Operations</b>	<b>215,743</b>	<b>150,894</b>	<b>64,726</b>	<b>0</b>	<b>123</b>
Item 5175-001	136,271	93,691	42,457	0	123
Item 5175-002 - Internal & External Contracts	79,472	57,203	22,269	0	0
<b>Local Assistance</b>	<b>985,689</b>	<b>665,420</b>	<b>306,669</b>	<b>13,600</b>	<b>0</b>
Child Support Services	903,209	582,940	306,669	13,600	0
Child Support Collections Recovery Fund	82,774	82,774	0	0	0
<b>Local Assistance Administration</b>	<b>912,652</b>	<b>617,215</b>	<b>281,837</b>	<b>13,600</b>	<b>0</b>
Local Child Support Agency Basic Costs	906,089	614,666	277,823	13,600	0
Administration	797,656	526,203	271,453	0	0
Federal Performance Basic Incentives	49,698	49,698	0	0	0
County Match for Administration	40,000	26,400	0	13,600	0
Revenue Stabilization	18,735	12,365	6,370	0	0
Internal Revenue Service Intercept Fees	2,079	1,372	707	0	0
Deficit Reduction Act - Mandatory Fee	3,307	0	3,307	0	0
Section 1115 Grant (Next Generation Child Support Employment Services)	1,177	1,177	0	0	0
<b>Local Assistance Automation</b>	<b>73,037</b>	<b>48,205</b>	<b>24,832</b>	<b>0</b>	<b>0</b>
California Child Support Automation System - SDU	12,766	8,426	4,340	0	0
California Child Support Automation System - CSE	60,271	39,779	20,492	0	0

\*Dollars in thousands.

Notes:

- 1) Child Support Program Total Costs minus county funds equals the DCSS total budget.
- 2) State Operations Administration includes adjustments for Employee Compensation, Retirement and Statewide Cost Allocation Plan.

**COST TABLE 2: 2025-26 NOVEMBER ESTIMATE**

BUDGETED ITEM	Total	Federal	State	County	Reimbursement
<b>Child Support Program Costs</b>	<b>1,205,808</b>	<b>820,100</b>	<b>371,985</b>	<b>13,600</b>	<b>123</b>
<b>State Operations</b>	215,192	149,753	65,316	0	123
Item 5175-001	135,720	92,550	43,047	0	123
Item 5175-002 - Internal & External Contracts	79,472	57,203	22,269	0	0
<b>Local Assistance</b>	<b>990,616</b>	<b>670,347</b>	<b>306,669</b>	<b>13,600</b>	<b>0</b>
Child Support Services	904,817	584,548	306,669	13,600	0
Child Support Collections Recovery Fund	85,799	85,799	0	0	0
<b>Local Assistance Administration</b>	<b>917,579</b>	<b>622,142</b>	<b>281,837</b>	<b>13,600</b>	<b>0</b>
Local Child Support Agency Basic Costs	910,447	619,024	277,823	13,600	0
Administration	797,656	526,203	271,453	0	0
Federal Performance Basic Incentives	54,056	54,056	0	0	0
County Match for Administration	40,000	26,400	0	13,600	0
Revenue Stabilization	18,735	12,365	6,370	0	0
Internal Revenue Service Intercept Fees	2,079	1,372	707	0	0
Deficit Reduction Act - Mandatory Fee	3,307	0	3,307	0	0
Section 1115 Grant (Next Generation Child Support Employment Services Demonstration)	1,746	1,746	0	0	0
<b>Local Assistance Automation</b>	<b>73,037</b>	<b>48,205</b>	<b>24,832</b>	<b>0</b>	<b>0</b>
California Child Support Automation System - SDU	12,766	8,426	4,340	0	0
California Child Support Automation System - CSE	60,271	39,779	20,492	0	0

\*Dollars in thousands.

Notes:

- 1) Child Support Program Total Costs minus county funds equals the DCSS total budget.
- 2) State Operations Administration includes adjustments for Retirement, Statewide Cost Allocation Plan, Employee Compensation, and Vacancy Savings Position Elimination (federal funds only).

**COST TABLE 3: 2026-27 GOVERNOR'S BUDGET**

<b>BUDGETED ITEM</b>	<b>Total</b>	<b>Federal</b>	<b>State</b>	<b>County</b>	<b>Reimbursement</b>
<b>Child Support Program Costs</b>	<b>1,224,047</b>	<b>832,238</b>	<b>378,036</b>	<b>13,600</b>	<b>173</b>
<b>State Operations</b>	<b>216,465</b>	<b>150,856</b>	<b>65,436</b>	0	173
Item 5175-001	136,993	93,653	43,167	0	173
Item 5175-002 - Internal & External Contracts	79,472	57,203	22,269	0	0
<b>Local Assistance</b>	<b>1,007,582</b>	<b>681,382</b>	<b>312,600</b>	<b>13,600</b>	<b>0</b>
Child Support Services	921,364	595,164	312,600	13,600	0
Child Support Collections Recovery Fund	86,218	86,218	0	0	0
<b>Local Assistance Administration</b>	<b>934,545</b>	<b>633,177</b>	<b>287,768</b>	<b>13,600</b>	<b>0</b>
Local Child Support Agency Basic Costs	928,364	630,941	283,823	13,600	0
Administration	815,303	537,850	277,453	0	0
Federal Performance Basic Incentives	54,326	54,326	0	0	0
County Match for Administration	40,000	26,400	0	13,600	0
Revenue Stabilization	18,735	12,365	6,370	0	0
Internal Revenue Service Intercept Fees	2,079	1,372	707	0	0
Deficit Reduction Act - Mandatory Fee	3,238	0	3,238	0	0
Section 1115 Grant (Next Generation Child Support Employment Services Demonstration)	864	864	0	0	0
<b>Local Assistance Automation</b>	<b>73,037</b>	<b>48,205</b>	<b>24,832</b>	<b>0</b>	<b>0</b>
California Child Support Automation System - SDU	12,766	8,426	4,340	0	0
California Child Support Automation System - CSE	60,271	39,779	20,492	0	0

\*Dollars in thousands.

Notes:

- 1) Child Support Program Total Costs minus county funds equals the DCSS total budget.
- 2) State Operations Administration includes adjustments for Retirement, Statewide Cost Allocation Plan, Employee Compensation, and Vacancy Savings Position Elimination (federal funds only).

**COLLECTION TABLE 1: 2024-25 ACTUALS**

PROGRAM ITEM	Total	Federal	State	County	Other
<b>CS Revenues, Transfers and Collections</b>	<b>2,517,950</b>	<b>89,014</b>	<b>114,250</b>	<b>7,862</b>	<b>2,306,824</b>
<b>Child Support Program Collections</b>	<b>2,514,289</b>	<b>89,756</b>	<b>109,847</b>	<b>7,862</b>	<b>2,306,824</b>
<b>Child Support Assistance Collections</b>	<b>405,368</b>	<b>89,756</b>	<b>109,847</b>	<b>7,862</b>	<b>197,903</b>
Basic Collections	193,322	83,181	102,814	7,327	0
Disregard Payments to Families	68,445	0	0	0	68,445
Passthrough Payments to Formerly Assisted Families	115,675	0	0	0	115,675
Collections for Other Jurisdictions	2,662	0	0	0	2,662
Miscellaneous Collections	11,121	0	0	0	11,121
Revenue Stabilization Adjustment	14,143	6,575	7,033	535	0
<b>Child Support NonAssistance Collections</b>	<b>2,108,921</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,108,921</b>
Basic Collections	1,939,990	0	0	0	1,939,990
Collections for Other Jurisdictions	75,109	0	0	0	75,109
Miscellaneous Collections	2,116	0	0	0	2,116
Revenue Stabilization Adjustment	91,706	0	0	0	91,706
<b>Revenues and Transfers</b>	<b>3,661</b>	<b>-742</b>	<b>4,403</b>	<b>0</b>	<b>0</b>
Title IV-E Child Support Collections Recovery Fund	-742	-742	0	0	0
Never Assisted Cases Fee Recovery	4,403	0	4,403	0	0

\*Dollars in thousands.

Notes:

1) Other reflects collections that are paid to families and collections received in California on behalf of other states.

**COLLECTION TABLE 2: 2025-26 ENACTED BUDGET**

PROGRAM ITEM	Total	Federal	State	County	Other
<b>CS Revenues, Transfers and Collections</b>	<b>2,514,575</b>	<b>82,774</b>	<b>111,008</b>	<b>7,982</b>	<b>2,312,811</b>
<b>Child Support Program Collections</b>	<b>2,510,403</b>	<b>82,889</b>	<b>106,721</b>	<b>7,982</b>	<b>2,312,811</b>
<b>Child Support Assistance Collections</b>	<b>397,683</b>	<b>82,889</b>	<b>106,721</b>	<b>7,982</b>	<b>200,091</b>
Basic Collections	182,083	76,287	101,458	4,338	0
Disregard Payments to Families	69,167	0	0	0	69,167
Passthrough Payments to Formerly Assisted Families	117,030	0	-2,924	2,924	117,030
Collections for Other Jurisdictions	2,719	0	0	0	2,719
Miscellaneous Collections	11,175	0	0	0	11,175
Revenue Stabilization Adjustment	15,509	6,602	8,187	720	0
<b>Child Support NonAssistance Collections</b>	<b>2,112,720</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,112,720</b>
Basic Collections	1,938,455	0	0	0	1,938,455
Collections for Other Jurisdictions	76,174	0	0	0	76,174
Miscellaneous Collections	2,488	0	0	0	2,488
Revenue Stabilization Adjustment	95,602	0	0	0	95,602
<b>Revenues and Transfers</b>	<b>4,172</b>	<b>-115</b>	<b>4,287</b>	<b>0</b>	<b>0</b>
Title IV-E Child Support Collections Recovery Fund	-115	-115	0	0	0
Never Assisted Cases Fee Recovery	4,287	0	4,287	0	0

\*Dollars in thousands.

Notes:

1) Other reflects collections that are paid to families and collections received in California on behalf of other states.

**COLLECTION TABLE 3: 2025-26 NOVEMBER ESTIMATE**

PROGRAM ITEM	Total	Federal	State	County	Other
<b>CS Revenues, Transfers and Collections</b>	<b>2,521,178</b>	<b>85,799</b>	<b>116,335</b>	<b>8,395</b>	<b>2,310,649</b>
<b>Child Support Program Collections</b>	<b>2,517,260</b>	<b>86,063</b>	<b>112,153</b>	<b>8,395</b>	<b>2,310,649</b>
<b>Child Support Assistance Collections</b>	<b>404,516</b>	<b>86,063</b>	<b>112,153</b>	<b>8,395</b>	<b>197,905</b>
Basic Collections	192,468	80,182	107,189	5,097	0
Disregard Payments to Families	68,569	0	0	0	68,569
Passthrough Payments to Formerly Assisted Families	115,523	0	-2,886	2,886	115,523
Collections for Other Jurisdictions	2,672	0	0	0	2,672
Miscellaneous Collections	11,141	0	0	0	11,141
Revenue Stabilization Adjustment	14,143	5,881	7,850	412	0
<b>Child Support Non Assistance Collections</b>	<b>2,112,744</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,112,744</b>
Basic Collections	1,943,673	0	0	0	1,943,673
Collections for Other Jurisdictions	75,245	0	0	0	75,245
Miscellaneous Collections	2,120	0	0	0	2,120
Revenue Stabilization Adjustment	91,706	0	0	0	91,706
<b>Revenues and Transfers</b>	<b>3,918</b>	<b>-264</b>	<b>4,182</b>	<b>0</b>	<b>0</b>
Title IV-E Child Support Collections Recovery Fund	-264	-264	0	0	0
Never Assisted Cases Fee Recovery	4,182	0	4,182	0	0

\*Dollars in thousands.

Notes:

1) Other reflects collections that are paid to families and collections received in California on behalf of other states.

**COLLECTION TABLE 4: 2026-27 GOVERNOR'S BUDGET**

PROGRAM ITEM	Total	Federal	State	County	Other
<b>CS Revenues, Transfers and Collections</b>	<b>2,532,089</b>	<b>86,218</b>	<b>116,715</b>	<b>8,178</b>	<b>2,320,978</b>
<b>Child Support Program Collections</b>	<b>2,527,987</b>	<b>86,298</b>	<b>112,533</b>	<b>8,178</b>	<b>2,320,978</b>
<b>Child Support Assistance Collections</b>	<b>405,627</b>	<b>86,298</b>	<b>112,533</b>	<b>8,178</b>	<b>198,618</b>
Basic Collections	192,866	80,417	107,579	4,870	0
Disregard Payments to Families	68,881	0	0	0	68,881
Passthrough Payments to Formerly Assisted Families	115,902	0	-2,896	2,896	115,902
Collections for Other Jurisdictions	2,643	0	0	0	2,643
Miscellaneous Collections	11,192	0	0	0	11,192
Revenue Stabilization Adjustment	14,143	5,881	7,850	412	0
<b>Child Support Non Assistance Collections</b>	<b>2,122,360</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,122,360</b>
Basic Collections	1,952,939	0	0	0	1,952,939
Collections for Other Jurisdictions	75,586	0	0	0	75,586
Miscellaneous Collections	2,129	0	0	0	2,129
Revenue Stabilization Adjustment	91,706	0	0	0	91,706
<b>Revenues and Transfers</b>	<b>4,102</b>	<b>-80</b>	<b>4,182</b>	<b>0</b>	<b>0</b>
Title IV-E Child Support Collections Recovery Fund	-80	-80	0	0	0
Never Assisted Cases Fee Recovery	4,182	0	4,182	0	0

\*Dollars in thousands.

Notes:

1) Other reflects collections that are paid to families and collections received in California on behalf of other states.

## LOCAL CHILD SUPPORT AGENCY BASIC COSTS

### DESCRIPTION:

This premise reflects funding for the Local Child Support Agency (LCSA) basic costs.

### KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code (FC) Sections 17306 and 17306.1, FC Section 17704(b), and FC Section 17710(a).
- Internal Revenue Service (IRS) Publication 1075 Tax Information Security Guidelines.

### METHODOLOGY:

#### Basic Costs:

Basic Costs are the sum of administration, federal performance basic incentives, county match for administration and revenue stabilization. The forecast for Basic Cost is \$910.45 million for SFY 2025-26 and \$928.36 million for SFY 2026-27.

#### Administration:

LCSA administration costs include salaries and benefits of county staff as well as operating costs. LCSAs are responsible for case intake, court preparation to establish paternity and support obligations, and the enforcement of support obligations, including locating absent parents. LCSA administration costs are funded at \$797.66 million for SFY 2025-26 and \$815.30 in SFY 2026-27. Funding for administration is 34 percent SGF and 66 percent Federal Financial Participation (FFP) matching funds.

Budget year administration costs adjustments:

- Due to budget shortfalls, the 2024 Budget Act included a three-year annual reduction of \$17.65 million (\$6.00 million SGF) for SFYs 2023-24, 2024-25, and 2025-26. This reduction ends in SFY 2026-27.

#### Federal Performance Basic Incentives:

Federal Performance Basic Incentive funds of \$54.06 million for SFY 2025-26 and \$54.33 million for SFY 2026-27 are included in LCSA Basic Costs. These numbers reflect the amount of estimated federal incentive funds available to cover LCSA administration costs. For details, refer to the Federal Performance Basic Incentives premise description.

#### County Match for Administration:

Included in LCSA Basic Costs are county match funds for those LCSAs that elect to supplement the program with local matching funds. For SFY 2025-26 and

SFY 2026-27 the budget is \$40 million (\$26.40 million FFP and \$13.60 million county funds). Funding for the County Match is 34 percent County General Fund (CGF) and 66 percent FFP matching funds. Counties may supplement their funding by using CGF in lieu of SGF.

**Revenue Stabilization:**

The LCSA budget includes an on-going augmentation of \$18.74 million for Revenue Stabilization. For details, refer to the Revenue Stabilization premise description.

**CHANGE FROM ENACTED BUDGET:**

An increase of \$4.36 million (100% FFP) to the Federal Performance Basic Incentive estimate based on the most recent data.

**REASON FOR YEAR-TO-YEAR CHANGE:**

The estimate has been updated to reflect the return of the temporary three-year budget reduction, increased LCSA staffing costs, and increased Federal Performance Basic Incentive estimate in budget year.

## FEDERAL PERFORMANCE BASIC INCENTIVES

### DESCRIPTION:

This premise reflects the Federal Performance Basic Incentives. Pursuant to the Child Support Performance and Incentive Act of 1998, the federal incentives passed onto LCSAs are based on the five performance measures and Data Reliability Audit compliance. California's historical performance on the Federal Performance Measures is displayed in the Auxiliary Tables section of this document.

### IMPLEMENTATION DATE:

The federal performance incentive methodology was implemented on October 1, 1999 and phased in over three years.

### KEY DATA/ASSUMPTIONS:

- Authorizing statute: FC Section 17704, Public Law (PL) 105-200.
- The federal government pays incentives based on PL 105-200 using the following criteria:

### The State's Collection Base

The federal incentive methodology gives a weight of "2" for all distributed collections made in current, former and Medicaid assistance cases and adds Never Assisted collections to make up the state's collection base. The Federal Fiscal Year (FFY) distributed collections were taken from the Office of Child Support Enforcement Quarterly Report of Collection reports. The formula is as follows:

$$2 \times (\text{Current Assistance Collections} + \text{Former Assistance Collections} + \text{Medicaid Assistance}) + \text{Never Assisted Collections} + \text{Collections for Other Countries} + \text{Fees Retained by Other States} = \text{State's Collection Base}$$

The state's incentive amount earned is based on the calculation of each performance measure level multiplied against the state's collection base.

### Performance Factors

The federal incentive methodology considers program performance in five areas to determine each performance level:

- Paternity Established (Statewide Paternity Establishment Percentage) =  $\text{Out-of-Wedlock Children w/Paternity} \div \text{Total Out-of-Wedlock Children, Last Fiscal Year}$
- Support Orders Established =  $\text{Total Cases w/Support Orders} \div \text{Total Number of Cases}$
- Current Support Collected =  $\text{Total Current Support Collected} \div \text{Total Current Support Owed}$

(The previous three performance factors may each earn up to a performance level of 100 percent of the collection base.)

- Cases Paying on Arrears = Total Cases Paying Arrears ÷ Cases with Total Arrears Due
- Cost-Effectiveness = Total Collections ÷ Total Expenditures

(The above two performance factors may each earn up to a performance level of 75 percent of the collection base.)

### **Data Reliability Audit**

The five performance measures data that the state reports annually are required to be complete and reliable through an audit. State data must meet a 95 percent standard of reliability. Failure to meet the data reliability standard in a given performance measure by a state would result in a reduction of federal incentives and the potential issuance of a performance penalty.

### **The Incentive Base Amount**

Each performance level is multiplied by the collection base for each performance factor which results in an incentive base amount.

### **Comparison with Other States**

The estimated maximum base for California is divided by the estimated maximum base for all states to determine California's share of the available federal incentive pool.

### **Determining the State's Incentive Entitlement**

California's percentage of the available pool, as determined in number five, is multiplied by the available federal incentive pool to determine California's entitlement to federal incentives.

## The Available Federal Incentive Pool

The available pool of federal incentive funds is determined using the Consumer Price Index (CPI). Following is the statutorily set pool amounts for each FFY:

FEDERAL FISCAL YEAR	NATIONAL INCENTIVE POOL AVAILABLE	CALIFORNIA'S EARNED PERFORMANCE INCENTIVES
2020	\$600,000,000	\$47,784,150
2021	\$609,000,000	\$48,939,078
2022	\$629,000,000	\$49,205,738
2023	\$679,000,000	\$53,947,671
2024 <sup>/1</sup>	\$730,000,000	\$46,298,799
2025 <sup>/1</sup>	\$792,000,000	\$54,055,566
2026 <sup>/1</sup>	\$855,000,000	\$54,325,844

<sup>1</sup>/ FFYs 2024 through 2026 are estimates.

### METHODOLOGY:

The federal incentives are estimated using the methodology under PL 105-200. Based on current information available, it is estimated that California will be entitled to \$54.06 million federal incentives in SFY 2025-26 and \$54.33 million in SFY 2026-27.

### FUNDING:

Funding for Federal Performance Basic Incentives is 100 percent FFP.

### CHANGE FROM ENACTED BUDGET:

Based on the most recent data, federal incentives are estimated to increase by \$4.36 million (100% FFP).

### REASON FOR YEAR-TO-YEAR CHANGE:

The estimate is projected to increase \$270,000 in budget year.

**PARENTAGE OPPORTUNITY PROGRAM (ASSEMBLY BILL 2684)****DESCRIPTION:**

This premise reflects the cost of the Voluntary Declarations of Parentage, as required by FC Sections 7570-7577.

The California Paternity Opportunity Program (POP) was established in 1995 to comply with the federal mandate (Title 42 United States Code (USC) 666(a)(5)(C)) that requires the Child Support Program to administer a simple program to establish paternity, or a legal determination for fatherhood for unmarried biological parents.

Establishing parentage is a critical first step in providing children with access to key benefits, such as social security and health insurance. Parentage establishment is achieved by either 1) obtaining a court order, or 2) completing a Voluntary Declaration of Parentage (VDOP). The VDOP is a legal affidavit that holds the same legal force and effect as a court order and is offered free of charge by authorized witnessing agencies.

Chapter 876, Statutes of 2018 (Assembly Bill (AB) 2684) revises the Uniform Parentage Act to ensure parents and children are treated the same, regardless of whether the children are born to same-sex or opposite sex couples. This new statute requires DCSS to expand the current POP to include Voluntary Declaration of Parentage procedures to eligible parents, including, but not limited to, married or unmarried same-sex couples who have children using assisted reproductive technology, provided the donation was not from the spouse. The Office of Child Support Enforcement (OCSE) defines paternity as, "the legal mother-child relationship and father-child relationship as determined by the state."

California implemented AB 2684 in January 2020. Two months later, the state was shut down due to the COVID-19 pandemic. State (and national) pandemic healthcare procedures severely limited who was allowed inside healthcare facilities (which disallowed fathers/other parents to attend births). This disrupted the ability for hospitals/birthing facilities to assist in the parentage establishment process (most declarations are completed at a birthing hospital, creating significant impact). Because these impacts were realized nationwide, states petitioned the Department of Health and Human Services for temporary relief from paternity-specific performance penalties. The OCSE proposed to modify the Paternity Establishment Percentage (PEP) from the 90 percent performance threshold to 50 percent for FFYs 2020 and 2021 for states to avoid a financial penalty. OCSE also proposed that adverse findings regarding data reliability audits for a state's paternity establishment data would not result in a financial penalty. Due to the pandemic DCSS did not see an expected increase in declarations but still maintained the required 90 percent performance threshold.

**IMPLEMENTATION DATE:**

This premise was implemented on January 1, 2020.

**KEY DATA/ASSUMPTIONS:**

- Authorizing statute: FC Sections 7570-7577.

**METHODOLOGY:**

- Chapter 876 increases the number of people eligible to sign a declaration. Currently, LCSAs receive approximately 150,000 completed declarations annually from Authorized Witnessing Agencies. Assuming a 15 percent increase in declarations for parentage, DCSS anticipates an annual increase of 22,500 declarations at a cost of \$225,000.
- LCSAs are required to pay ten dollars (\$10) to birthing hospitals and other entities for each completed declaration that is filed with DCSS per California FC Section 7571.

**FUNDING:**

- Funding for this premise consists of 34 percent SGF and 66 percent FFP matching funds.

**CHANGE FROM ENACTED BUDGET:**

There is no change.

**REASON FOR YEAR-TO-YEAR CHANGE:**

There is no change.

## **LOCAL CHILD SUPPORT AGENCY REVENUE STABILIZATION**

### **DESCRIPTION:**

This premise reflects a permanent ongoing augmentation of \$18.74 million (\$6.37 million SGF) for LCSAs to stabilize caseworker staffing and avoid a potential loss in child support collections.

In order to receive an allocation of revenue stabilization funds, LCSAs were required to develop and submit early intervention plans including the development of early intervention strategies for implementation on July 1, 2009. Early intervention provides for a proactive approach to establish consistent and reliable payments of current support for families by engaging the person paying support (PPS) early in the child support process.

### **IMPLEMENTATION DATE:**

This premise was implemented on July 1, 2009.

### **KEY DATA/ASSUMPTIONS:**

- Authorizing statute: FC Section 17555 and FC Section 17710(a).
- The LCSAs were retained 170.1 caseworker staff in SFY 2023-24 with Revenue Stabilization funding.
- For SFY 2023-24, the marginal return on collections per caseworker for assistance cases was \$103,911.
- For SFY 2023-24, the marginal return on collections per caseworker for non-assistance cases was \$539,282.

### **METHODOLOGY:**

- In SFY 2009-10, the base administration allocation of \$696.40 million was used to calculate the inflationary increase needed to maintain a full administration allocation. A CPI of 2.7 percent was applied to the base allocation resulting in an additional \$18.74 million needed to fully fund administrative activities.
- An analysis of actual collections and caseworker staffing levels was used to estimate the marginal return on collections per caseworker.
- The 170.10 caseworkers were multiplied by the marginal return on collections per assistance case. This quotient was reduced by \$3.00 million (to account for disregards) to compute additional net assistance collections of \$14.14 million (\$6.33 million SGF) in SFY 2023-24. The 170.10 caseworkers were multiplied by the marginal return on collections per non-assistance case to compute additional non-assistance collections of \$90.71 million.

**FUNDING:**

- Funding for this premise consists of 34 percent SGF and 66 percent FFP matching funds.
- Collections for assistance families are retained and serve as recoupment of public assistance costs. Collections received on behalf of non-assistance families are forwarded directly to people receiving support.
- The assistance collections are shared based on the Federal Medical Assistance Percentage (FMAP) and the non-federal sharing ratios.

**CHANGE FROM ENACTED BUDGET:**

The estimate has been updated based on the most recent data collections.

**REASON FOR YEAR-TO-YEAR CHANGE:**

There is no change.

**INTERNAL REVENUE SERVICE INTERCEPT FEES****DESCRIPTION:**

This premise reflects the additional cost for IRS tax intercepts.

**IMPLEMENTATION DATE:**

This premise was implemented on October 1, 2007.

**KEY DATA/ASSUMPTIONS:**

- Authorizing statute: Title IV-D of the Social Security Act (SSA) and 5 USC §5514 (A)(a)(i).

**METHODOLOGY:**

- Based on the September 12, 2025, Federal Offset e-Flash #25-46 notice, the federal tax intercept fee will be \$17.00 per offset, and the administrative fee will be \$19.49 per offset.
- Based on the latest actuals, DCSS anticipates \$2.08 million in federal intercept fees in SFY 2025-26 and SFY 2026-27.

**FUNDING:**

Funding for this premise consists of 34 percent SGF and 66 percent FFP matching funds.

**CHANGE FROM ENACTED BUDGET:**

There is no change.

**REASON FOR YEAR-TO-YEAR CHANGE:**

There is no change.

## **DEFICIT REDUCTION ACT – MANDATORY FEE**

### **DESCRIPTION:**

The Federal Deficit Reduction Act (FDRA) of 2005 requires each state's office of child support enforcement to collect a \$25 annual fee from families that have never received Temporary Assistance for Needy Families (TANF) and have received at least \$500 in child support during the current fiscal year. Fees may be recovered from the person receiving support (PRS), the parent paying support (PPS), or the State (using state funds). California opted to pass the annual fee to the PRS and began collecting the fee on October 1, 2011. Qualifying cases are assessed annually, via the automated child support system, for a \$25 fee. As required by FDRA 2005, 66 percent of the total fees collected are remitted to the federal government. The remaining 34 percent is retained by the state.

Effective October 1, 2019, the administrative service fee changed to \$35 and the disbursement threshold to \$550.

### **IMPLEMENTATION DATE:**

This premise was implemented on January 1, 2008.

### **KEY DATA/ASSUMPTIONS:**

- Authorizing statute: PL 109-171, FDRA of 2005 and FC Section 17208(c).
- California Child Support Automation System (CCSAS), Child Support Enforcement (CSE) began tracking fees on October 1, 2010, and started assessing and collecting fees on October 1, 2011. The PRS's began paying the fees in SFY 2011-12.
- The federal budget (H.R. 1892) made changes to the FDRA of 2005. DCSS submitted and the legislature approved trailer bill language to increase the administrative service fee to \$35 and increase the disbursement threshold to \$550, effective October 1, 2019.

### **METHODOLOGY:**

- The number of never-assisted cases assessed fee is multiplied by \$35 to compute the total fees.
- The total fees to be collected are multiplied by 66 percent to determine the federal share.
- Based on the latest data, DCSS anticipates collecting \$3.31 million in mandatory fees in SFY 2025-26 and \$3.24 million in SFY 2026-27.

### **FUNDING:**

The costs represent the federal share (66 percent) of DRA mandatory fees assessed, which are paid by the SGF.

**CHANGE FROM ENACTED BUDGET:**

The estimate has been updated based on the most recent fee report.

**REASON FOR YEAR-TO-YEAR CHANGE:**

There is no change.

## **SECTION 1115 GRANT NEXT GENERATION CHILD SUPPORT EMPLOYMENT SERVICES DEMONSTRATION**

### **DESCRIPTION:**

California Child Support program received two awards from this grant, one managed by Los Angeles County LCSA (The Southern Los Angeles (SOLA) Impact Project), and the other by Sacramento and Stanislaus County LCSAs (The NextGen Holistic Employment, License and Parenting (HELP) Program).

The goal of this grant program is to expand and enhance child support led employment services for the PPS. This will be a 60-month project with five 12-month budget periods. Year one will focus on start-up and development of program design. Years two, three, and four will be devoted to providing services, and the final year will be dedicated to evaluation, close-out, and sustainability work.

### **IMPLEMENTATION DATE:**

This premise was implemented on October 1, 2024.

### **KEY DATA/ASSUMPTIONS:**

- Authorizing statute: Section 1115(a)(2), 1115(b) and 1115(b)3 of the SSA [42 USC 1315].
- The grant is effective from October 1, 2024 through September 30, 2029.
- Section 1115 grant funds awarded to each project will represent 100 percent of the total project costs.

### **METHODOLOGY:**

- Funding for SFY 2025-26 is \$981,000 for the Sacramento County Help Grant and \$765,000 for the Los Angeles County SOLA Grant for a total of \$1,746,000 Section 1115 grant funds.
- Funding for SFY 2026-27 is \$379,000 for the Sacramento/Stanislaus County HELP Grant and \$485,000 for the Los Angeles County SOLA Grant for a total of \$864,000 Section 1115 grant funds.

### **FUNDING:**

- The program is funded 100 percent Section 1115 grant funds. No SGFs are required.
- The total grant award is \$2.10 million per grant, a total of \$4.21 million.

### **CHANGE FROM ENACTED BUDGET:**

The funding has been updated to reflect the budgeted amount for current year, which includes a shift of the remaining balance of funding from SFY 2024-25.

**REASON FOR YEAR-TO-YEAR CHANGE:**

The funding is updated to reflect the amount budgeted for SFY 2026-27.

**CALIFORNIA CHILD SUPPORT AUTOMATION SYSTEM –STATEWIDE DISBURSEMENT UNIT****DESCRIPTION:**

The State Disbursement Unit (SDU) is one of two components of the CCSAS. The CSE component provides the case management system for the statewide automated system. The SDU complements the CSE component by providing services to collect and distribute child support obligation payments for both the IV-D and Non IV-D populations, and to prepare collection payment transactions for processing by the CSE system.

This premise provides the funds necessary to support the SDU Service Provider (SP) contract.

**IMPLEMENTATION DATE:**

This premise was implemented in September 1999.

**KEY DATA/ASSUMPTIONS:**

- Authorizing statute(s): FC Section 17309 effective October 1, 1998.
- This premise reflects costs for the SP contract to perform statewide collection and distribution activities.

**METHODOLOGY:**

- Resource estimates are based on workload required to support the SDU.
- Costs are based on the current SDU SP contract.

**FUNDING:**

- The funds to support LCSA staff and the SP contract are funded at 66 percent FFP funds and 34 percent SGF.
- Cases not subject to Title IV-D (Non IV-D) and filed prior to 1994 do not receive FFP. Therefore, the SP contract has been adjusted to reflect 100 percent SGF for the processing of payments related to these cases.
- DCSS estimates SDU expenditures of \$12.76 million in SFY 2025-26 and SFY 2026-27.

**CHANGE FROM ENACTED BUDGET:**

There is no change.

**REASON FOR YEAR-TO-YEAR CHANGE:**

There is no change.

**CALIFORNIA CHILD SUPPORT AUTOMATION SYSTEM – CHILD SUPPORT ENFORCEMENT****DESCRIPTION:**

Federal law mandates that each state creates a single statewide child support automation system that meets federal certification. There are two components of the statewide system. The first is the CSE system and the second is the SDU. The CSE component contains tools to manage the accounts of child support recipients and to locate and intercept assets from the PPS who are delinquent in their child support payments. The SDU provides services to collect child support payments from PPS and to disburse these payments to the PRS. DCSS achieved full implementation of the CCSAS in November 2008.

This premise reflects the contract services for the CCSAS, LCSA staff assigned full-time with CSE as subject matter experts for child support program business practices, CSE system functionality, and funds for Electronic Data Processing maintenance and operations for both the CSE system and the LCSAs.

**IMPLEMENTATION DATE:**

This premise was implemented in September 1999.

**KEY DATA/ASSUMPTIONS:**

Authorizing statute: FC Section 17308 effective January 1, 2000.

**METHODOLOGY:**

- This premise reflects funding for CCSAS CSE as reported in the California Department of Child Support Services' 2024 Annual Advance Planning Document Update.
- DCSS estimates child support automation cost of \$60.27 million in SFY 2025-26 and SFY 2026-27.

**FUNDING:**

All project costs are funded with 66 percent FFP funds and 34 percent SGF.

**CHANGE FROM ENACTED BUDGET:**

There is no change.

**REASON FOR YEAR-TO-YEAR CHANGE:**

There is no change.

## **CHILD SUPPORT COLLECTIONS RECOVERY FUND**

### **DESCRIPTION:**

This premise reflects the estimated federal share of Title IV-A child support collections, which is utilized to fund a portion of the federal share of local assistance administration costs for local child support agencies.

The Child Support Collections Recovery Fund (CSCRF) premise only reflects Title IV-A child support collections. The Title IV-E share of the CSCRF is reflected in the California Department of Social Services' (CDSS) Local Assistance budget.

### **IMPLEMENTATION DATE:**

This premise was implemented in July 2001.

### **KEY DATA/ASSUMPTIONS:**

Authorizing statute: FC Section 17702.5.

### **METHODOLOGY:**

- For SFY 2024-25 and SFY 2025-26 the CSCRF is based on the estimated sum of the federal share of child support assistance collections less the estimated sum of the federal share of foster care collections.
- Based on the child support collections trends, DCSS estimates collections recovery funds of \$85.80 million in SFY 2025-26 and \$86.22 million in SFY 2026-27.

### **FUNDING:**

This premise is funded as the federal share of the Title IV-A child support collections in the Child Support Revenues, Transfers and Collections tables.

### **CHANGE FROM ENACTED BUDGET:**

This estimate was updated based on the most recent collection data and trends.

### **REASON FOR YEAR-TO-YEAR CHANGE:**

The estimate was updated based on the most recent collection data and trends and is projecting an increase in budget year.

## **CHILD SUPPORT PROGRAM COLLECTIONS ASSISTANCE AND NON-ASSISTANCE**

### **DESCRIPTION:**

This premise reflects child support collections distributed directly to families and assistance revenue collected on behalf of federal, state, or county governments for the recoupment of public assistance benefits.

Basic collections represent the regular ongoing efforts of the LCSA to collect child support payments. Collections for other jurisdictions are collections made on behalf of other states or countries and forwarded directly to them for distribution. Miscellaneous Collections consist of Medical Support, Pass On, and Excess Collections. Basic, miscellaneous, and collections for other jurisdictions include, but are not limited to, collections from the following sources: wage assignments, federal and state tax refund intercepts, unemployment insurance benefit intercepts, lien intercepts, bank levies, payments directly from parents paying support, compromise of arrears program and the full collections program. Disregard payments to families, and collections attributable to Revenue Stabilization augmentation funding are reflected in separate premises.

### **KEY DATA/ASSUMPTIONS:**

- Authorizing statute: Welfare & Institutions (W&I) Code Section 11477.
- The child support payment data for assistance and non-assistance collections are based on the Child Support Monthly Report of Collections and Distributions (CS 34) and the Supplement to Monthly Report of Collections and Distributions (CS 35).
- The child support collections to other states and miscellaneous collections data are based on the CS 34 and CS 35 reports.

### **METHODOLOGY:**

- Basic distributed collections (assistance and non-assistance), collections for other jurisdictions (assistance and non-assistance), and miscellaneous collections (assistance and non-assistance) are reported monthly on the CS 34 and CS 35 reports.
- Collection by Source reports were used to construct a linear regression model with adjustments applied to certain collections sources to forecast basic collections and collections for other jurisdictions for SFYs 2025-26 and 2026-27.
- For miscellaneous collections, the forecasted rates of change for basic collections were applied to arrive at the SFYs 2025-26 and 2026-27 estimates.
- Based on the latest data, SFY 2025-26 DCSS estimates assistance collections of \$404.52 million and non-assistance collections of \$2.11 billion totaling \$2.52 billion, and \$405.63 million assistance and

\$2.12 billion non-assistance collections totaling \$2.53 billion in SFY 2026-27.

**FUNDING:**

- Assistance collections are retained and serve as recoupment of public assistance benefits.
- The assistance collections are shared between federal, state, and local governments based on the Federal Medical Assistance Percentage and the non-Federal sharing ratios. See Appendix A for details.
- Collections received on behalf of non-assistance families are forwarded directly to the PRS.
- Collections received on behalf of other states are forwarded directly to other states for distribution.

**CHANGE FROM ENACTED BUDGET:**

The estimate has been updated based on the most recent data and trends using CS 34 and CS 35 reports.

**REASON FOR YEAR-TO-YEAR CHANGE:**

The estimate has been updated based on the most recent data and trends using CS 34 and CS 35 reports. The estimate is projecting an increase in budget year.

## **DISREGARD PAYMENTS TO FAMILIES**

### **DESCRIPTION:**

In addition to the California Work Opportunity and Responsibility to Kids (CalWORKs) grant, the PRS also receives a portion of the current month's child support payment collected from the PPS. Forwarding the disregard portion of the collection to the family, instead of retaining it as revenue, results in reduced collection revenues for the state and federal governments. Effective October 1, 2008, the FDRA of 2005 allows the federal government to share in the cost of additional support collections passed through to families.

The Legislature approved trailer bill language to, beginning January 1, 2022, to increase the amount of child support passed through to families receiving CalWORKs assistance up to \$100 for a family with one child or up to \$200 for a family with two or more children.

### **IMPLEMENTATION DATE:**

- This premise was implemented in the SFY 1984-85.
- The FDRA federal participation provision was implemented on October 1, 2008.

### **KEY DATA/ASSUMPTIONS:**

- Authorizing statute: FC Section 17504.
- The child support payment data for disregard payments to families is based on the CS 34 and CS 35 reports.
- FFP is available for disregard payments of federally eligible collections.

### **METHODOLOGY:**

- Effective January 1, 2022, the cost of the current disregard of \$100 for families with one child and \$200 for families with two or more children is reported monthly on the CS 35 reports. The disregard is paid when the current monthly child support collection is distributed.
- The forecast was generated based on the most recent actual data.
- The FFP in disregard was calculated by computing federally eligible disregard collections and multiplying these by 50 percent.
- Based on the latest data, DCSS estimates \$68.57 million in disregard payments for SFY 2025-26 and \$68.88 million in SFY 2026-27.
- The cost is counted toward the State's TANF Maintenance of Effort (MOE) requirement.

**FUNDING:**

- Beginning October 1, 2008, the federal participation in disregard became 50 percent.
- The costs are reflected in the CDSS budget as additional TANF MOE expenditures.
- Funding sources for these costs are reflected in the DCSS collections table as "Other" to display the amount of collections paid to the families.

**CHANGE FROM ENACTED BUDGET:**

The estimate has been updated based on the most recent data.

**REASON FOR YEAR-TO-YEAR CHANGE:**

The estimate has been updated based on the most recent data and trends using CS 34 and CS 35 reports. The estimate is projecting an increase in budget year.

## **PASSTHROUGH PAYMENTS TO FORMERLY ASSISTED FAMILIES**

### **DESCRIPTION:**

Federal law provides states with an option to passthrough collections of permanently assigned arrears to formerly assisted families and waive the Federal share of recoupment if the State passes the entire collection to the family.

Assembly Bill 207 (Chapter 573, Statute of 2022) added FC Section 17504.2, authorizing DCSS to implement passthrough of child support collections to formerly assisted families in April 2024, which applies to collections received beginning May 1, 2024. Passing these collections to formerly assisted families will increase the income of these often-low-income families.

### **IMPLEMENTATION DATE:**

This premise was implemented in SFY 2022-23.

### **KEY DATA/ASSUMPTIONS:**

Authorizing statute: FC Section 17504.2 and W&I Code Section 11477.

### **METHODOLOGY:**

- In SFY 2024-25, passthrough collections were \$115.68 million in former arrears child support collections to formerly assisted families.
- Based on the most recent collection data, DCSS estimates to pass through \$115.52 million (\$64.05 million SGF and \$51.47 million FFP) in reduced revenue) to formerly assisted families in 2025-26. The state share includes \$2.89 million in reimbursements to counties for lost revenue.
- In SFY 2026-27, passthrough collections are estimated to be \$115.90 million (\$64.26 SGF, and \$51.64 million FFP in reduced revenue). Of the state share, approximately \$2.90 million is estimated to reimburse counties for lost revenue.

### **FUNDING:**

- Per 42 USC § 657(a)(6)(A), the Federal Government waives the federal share of recoupment to the extent that the State pays the amount to the family.
- DCSS will cover the county share of these collections with state general funds, ensuring the counties are held harmless, and continue to receive their share of child support collections recoupment.
- The funding source for these costs is reflected in the DCSS collections table as "Other" to display the amount of collections paid to the families.

### **CHANGE FROM ENACTED BUDGET:**

The estimate was updated based on the latest collection data available.

**REASON FOR YEAR-TO-YEAR CHANGE:**

The estimate has been updated based on the most recent data and trends using CS 34 and CS 35 reports. The estimate is projecting an increase in budget year.

**TITLE IV-E CHILD SUPPORT COLLECTIONS RECOVERY FUND****DESCRIPTION:**

This premise reflects the estimated federal share of Title IV-E Federal Foster Care (FC) child support collections as determined by DCSS. DCSS is responsible for remitting the federal share of FC collections to the Child Support Collections Recovery Fund. The federal FC share of child support collections is used by the CDSS to offset the Title IV-E share of FC expenditures.

Chapter 755, Statutes of 2022 amended FC Section 17552 to require the CDSS to revise county welfare department regulations related to foster care cases, in cases where reunification with the family is offered, that the payment of child support by the parent is likely to pose a barrier to the reunification. As a result, CDSS issued a new state policy requiring that counties no longer refer parents with incomes under a specified threshold, whose children have been removed from the home and who are receiving Child Welfare Services to child support agencies effective January 1, 2023. The only exception to the new referral policy is when a parent's annual income is greater than \$100,000 or 400 percent of the federal poverty level, whichever is greater, and the referral will not pose a barrier to reunification.

DCSS issued policy regulations directing LCSA's to identify and rescind all foster care, Kinship Guardianship Assistance Payment (KinGap), and Approved Relative Caregiver cases referred after to January 1, 2023, cease enforcement of these child support orders, modify when necessary, and waive all arrears and interest owed to the state.

Additionally, DCSS issued a policy letter to address cases referred prior to January 1, 2023, which will result in a reduction in cases and collections for the current year and budget year.

In SFY 2024-25, DCSS received \$2.07 million in child support collections recoupment for the federal foster care program, of which \$742,000 was remitted to the CDSS. DCSS estimates a 60 percent reduction in collections from IV-E cases in 2025-26, and an 88 percent reduction in budget year.

**IMPLEMENTATION DATE:**

This premise was implemented on July 1, 2000.

**KEY DATA/ASSUMPTIONS:**

- Authorizing statute: SSA Section 457 (6)(e)(1).
- Based on SFY 2024-25 actual collection data.
- Effective October 1, 2003, both the current and former Title IV-E Child Support Collections reduce the federal share of FC expenditures based

on federal OCSE Action Transmittal letter 03-04, dated September 26, 2003.

**METHODOLOGY:**

The federal FC share of collections percentage was applied to the total estimated assistance collections, which resulted in a forecast of \$264,000 for State Fiscal year 2025-26 and \$80,000 for SFY 2026-27.

**FUNDING:**

The federal FC share of child support collections is used by the CDSS to offset the Title IV-E share of FC expenditures.

**CHANGE FROM ENACTED BUDGET:**

The estimate has been updated based on the latest data and trends. Also includes an adjustment for the change to the foster care referral to the child support program policy.

**REASON FOR YEAR-TO-YEAR CHANGE:**

The estimate has been updated based on the latest data and trends. Also includes an adjustment for the policy change to the foster care referral to the child support program.

## NEVER ASSISTED CASES FEE RECOVERY

### DESCRIPTION:

The FDRA of 2005 requires the state to pay the federal government a \$25 annual fee for families that have never received TANF if at least \$500 is disbursed annually on their behalf. Fees may be recovered from the PRS, the PPS, or the state (using state funds). California opted to pass the fee to the PRS and began collecting the fee on October 1, 2011. Annually, via the automated child support system, qualifying cases are assessed with the \$25 fee. The Department retains 34 percent of total fees collected. As required by FDRA 2005, the Department remits the remaining 66 percent to the federal government.

Effective October 1, 2019, the administrative service fee increased to \$35 and the disbursement threshold to \$550.

### IMPLEMENTATION DATE:

This premise was implemented on October 1, 2011.

### KEY DATA/ASSUMPTIONS:

- Authorizing statute: PL 109-171, FDRA of 2005.
- The CCSAS began tracking fees on October 1, 2010, and began assessing and collecting fees on October 1, 2011.
- The federal budget (H.R. 1892) made changes to the FDRA of 2005. DCSS submitted trailer bill language to increase the administrative service fee to \$35 and increase the disbursement threshold to \$550 effective October 1, 2019.

### METHODOLOGY:

- The number of never assisted cases assessed fee is multiplied by \$35 to compute the total fees. Fees collected are remitted to the SGF.
- Based on the latest data, the estimated never assisted fee recovery will be \$4.18 million in SFY 2025-26 and SFY 2026-27.

### FUNDING:

The \$35 mandatory fee is paid by the PRS. The federal portion (66 percent) of the recovered fees is remitted to the federal government.

### CHANGE FROM ENACTED BUDGET:

There is no change.

### REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

## **DISCONTINUED PREMISES**

### **CHILD SUPPORT PROGRAM COSTS:**

- Section 1115 Grant Charting a Course for Economic Mobility and Responsible Parenting.

### **CHILD SUPPORT PROGRAM COLLECTIONS:**

- None.

**APPENDIX A – FEDERAL MEDICAL ASSISTANCE PERCENTAGE**

The assistance collections are shared based on the FMAP and the nonfederal sharing ratios. These percentages are reflected below:

<b>July 2025–June 2027</b>	<b>ASSISTANCE:</b>	<b>ASSISTANCE: Nonfederal</b>
Federal	50.00%	0.00%
State	47.50%	97.50%
County	2.50%	2.50%

<b>July 2025–June 2027</b>	<b>FOSTER CARE:</b>	<b>FOSTER CARE: Nonfederal</b>
Federal	50.00%	0.00%
State	20.00%	40.00%
County	30.00%	60.00%

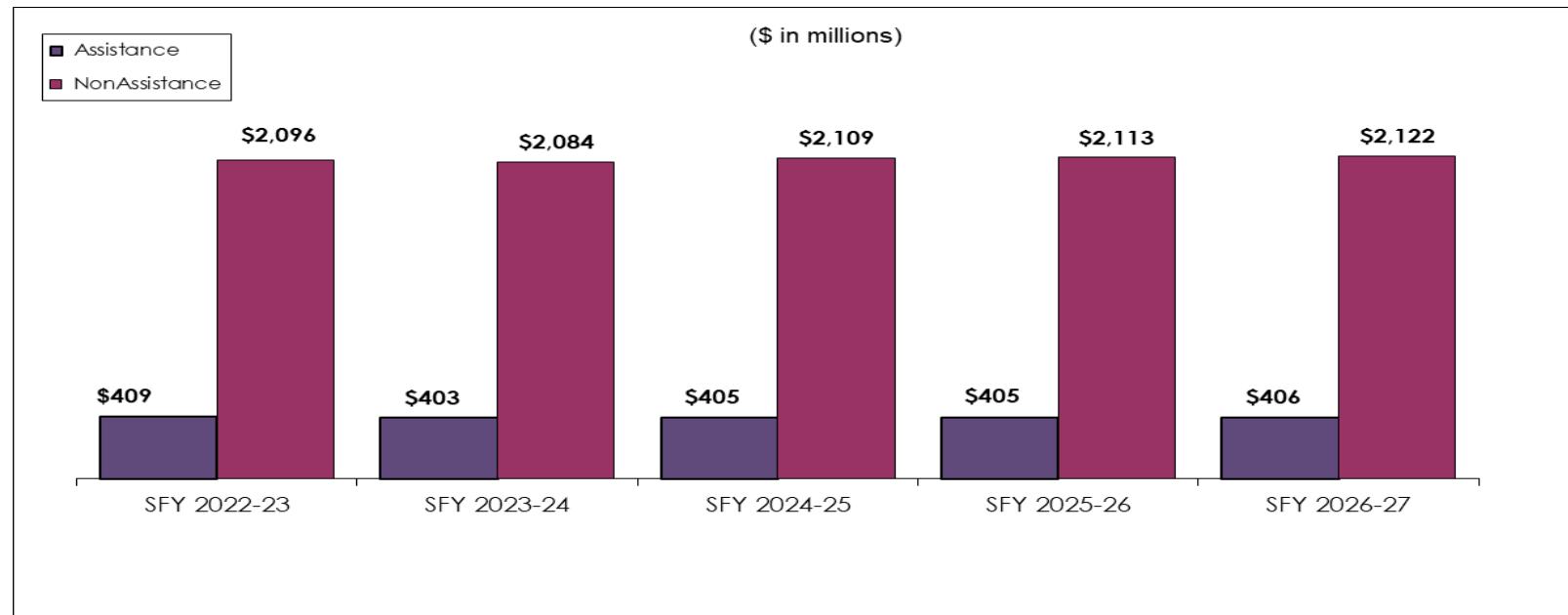
<b>July 2025–June 2027</b>	<b>KinGAP:</b>	<b>KinGAP: Nonfederal</b>
Federal	50.00%	0.00%
State	39.50%	79.00%
County	10.50%	21.00%

**PREMISE DESCRIPTIONS APPENDIX B – LIST OF ACRONYMS**

CalWORKs	California Work Opportunity and Responsibility to Kids
CCSAS	California Child Support Automation System
CGF	County General Funds
CPI	Consumer Price Index
CS 34	Child Support Monthly Report of Collections and Distributions
CS 35	Supplement to Monthly Report of Collections and Distributions
CSCRF	Child Support Collections Recovery Fund
CSE	Child Support Enforcement
CDSS	California Department of Social Services
DCSS	Department of Child Support Services
FC	Family Code / Foster Care
FDRA	Federal Deficit Reduction Act of 2005
FFP	Federal Financial Participation
FFY	Federal Fiscal Year
FMAP	Federal Medical Assistance Percentage
IRS	Internal Revenue Service
KinGAP	Kinship Guardianship Assistance Payment
LCSA	Local Child Support Agency
M.E.	My Empowerment
MOE	Maintenance of Effort
OCSE	Office of Child Support Enforcement
PL	Public Law
PEP	Paternity Establishment Percentage
POP	Paternity Opportunity Program
PREP	Parental Responsibility Education Program
SDU	State Disbursement Unit
SGF	State General Fund
SFY	State Fiscal Year
SP	Service Provider
SSA	Social Security Administration
TANF	Temporary Aid for Needy Families
UIB	Unemployment Insurance Benefits
USC	United States Code
VDOP	Voluntary Declaration of Parentage
W&I	Welfare and Institutions

## **TOTAL DISTRIBUTED COLLECTIONS FOR STATE FISCAL YEARS 2022-23 through 2026-27**

Child support distributed collections are projected to total \$2.53 billion in SFY 2026-27. The chart below reflects actual and projected Total Distributed Collections for Assistance and Non-Assistance and the year-to-year change by SFY. Dollars are displayed in millions.

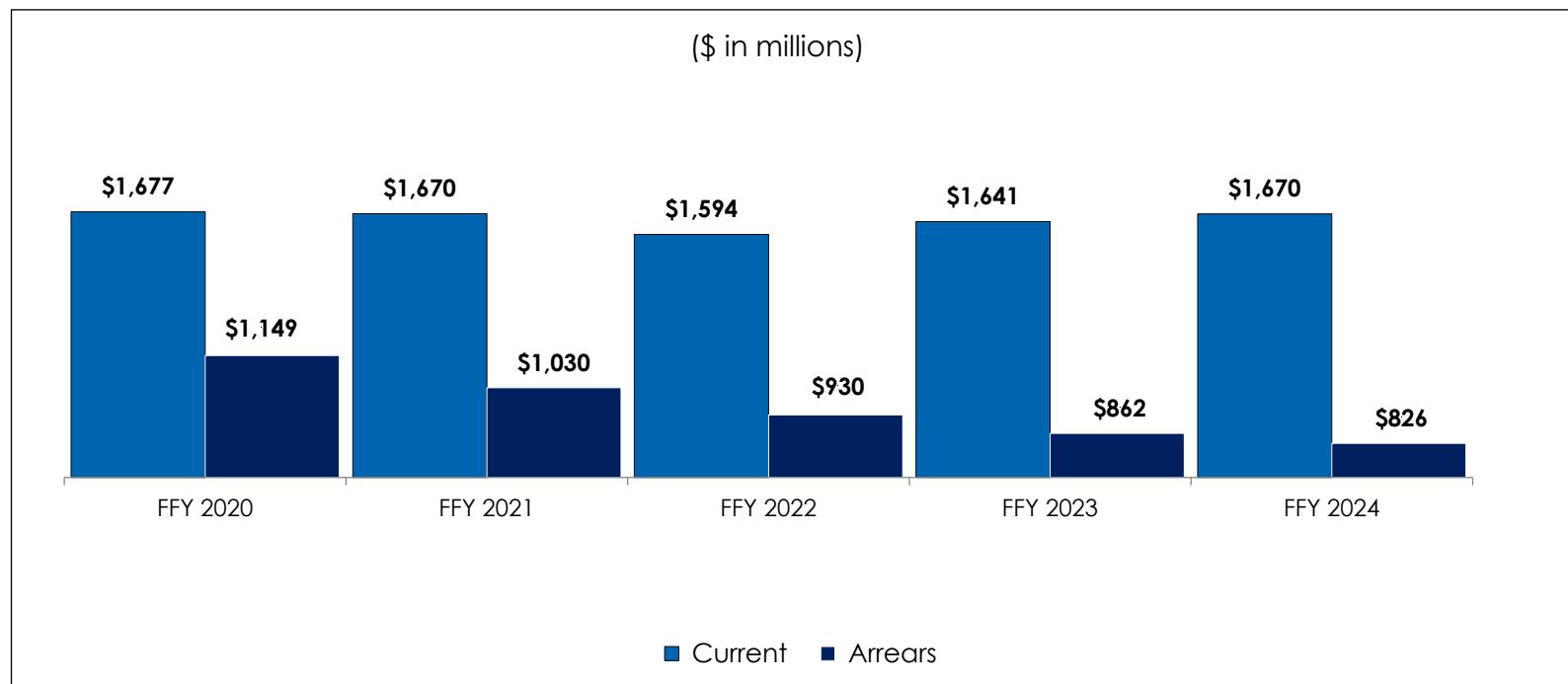


Distributed Collections in Millions	SFY 2022-23	SFY 2023-24	SFY 2024-25	SFY 2025-26	SFY 2026-27
Total \$	\$2,533	\$2,487	\$2,514	\$2,517	\$2,528
% Change	-1.8%	-0.6%	.04%	0.1%	0.4%
\$ Change	\$(77)	\$(16)	\$.95	\$3	\$11

Source: The collections data for SFY 2022-23 through SFY 2024-25 are from the Child Support 34 and Child Support 35 reports. The SFY 2025-26 through SFY 2026-27 projections are based on the most recent data. This chart does not include the mandatory fee collections.

## **TOTAL DISTRIBUTED COLLECTIONS FOR FEDERAL FISCAL YEARS 2020 through 2024**

The chart below reflects the Total Distributed Collections as Current and Arrears Support by Federal Fiscal Year. Child Support distributed collections have decreased from \$2.83 billion in FFY 2020 to \$2.50 billion in FFY 2024. Dollars are displayed in millions.



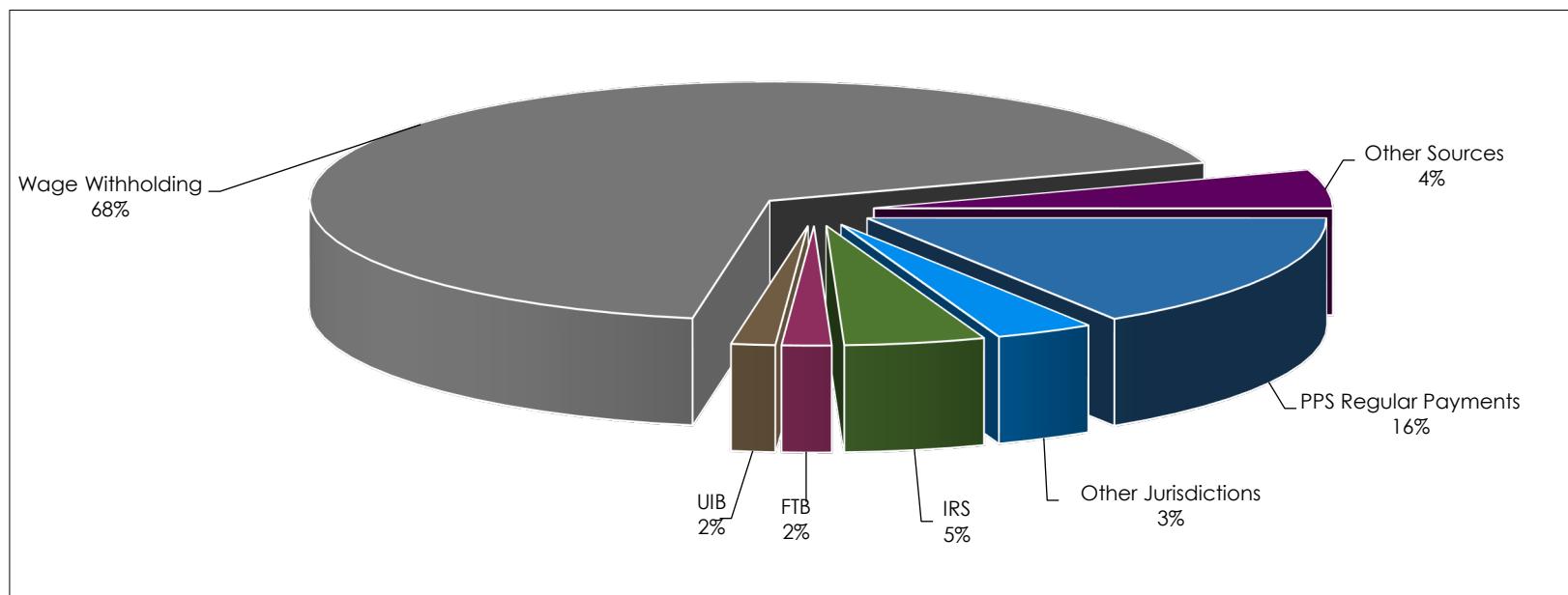
Distributed Collections in Millions	FFY 2020	FFY 2021	FFY 2022	FFY 2023	FFY 2024
Total \$	\$2,826	\$2,700	\$2,524	\$2,503	\$2,496
% Change	12.6%	-4.4%	-6.5%	-0.8%	-0.3%
\$ Change	\$316	\$(126)	\$(176)	\$(21)	\$(8)

Source: The collections data for FFY 2020 through FFY 2024 is from the Office of Child Support Services Annual Data Report (OCSE-157) line 25 (Total Support Distributed as Current Support during the Fiscal Year) and line 27 (Total Support Distributed as Arrears during the Fiscal Year).

## TOTAL COLLECTIONS RECEIVED BY SOURCE FOR STATE FISCAL YEAR 2023-24

Total child support collections received for State Fiscal Year (SFY) 2024-25 were \$2.5 billion. Collections sources include:

- Wage Withholding totaled \$1.70 billion (68 percent)
- Parent Paying Support (PPS) Regular Payments totaled \$390.74 million (16 percent)
- Internal Revenue Service (IRS) Federal income tax refund offsets totaled \$133.88 million (5 percent)
- Other Sources<sup>/1</sup> totaled \$136.20 million (4 percent)
- Other Jurisdictions<sup>/2</sup> totaled \$86.28 million (3 percent)
- Unemployment Insurance Benefits (UIB) offsets totaled \$38.64 million (2 percent)
- Franchise Tax Board's (FTB) State income tax refund offsets totaled \$41.48 million (2 percent)



Source: Child Support 34 and Child Support 35 reports.

<sup>/1</sup>Includes, but is not limited to, Liens, Workers' Compensation, Disability Insurance Benefits, California Insurance Intercepts, and Financial Data Institution Match.

<sup>/2</sup>Includes collections from tribes, other states, and countries

## **FEDERAL PERFORMANCE MEASURES AT A GLANCE**

DCSS implemented the incentive funding system based on program performance as required by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The Child Support Performance and Incentive Act of 1998 enacted significant changes in the way federal incentives were paid to states. The methodology changed from being based solely on cost-effectiveness, to five federal performance measures implemented over a three-year period, beginning October 1, 1999. The federal OCSE Action Transmittal 01-01, dated January 3, 2001, includes federal regulations that govern the incentive funding system. Since FFY 2000, states have been evaluated annually for federal incentive funds based on the following five performance measures:

### **1. Paternity Establishment Percentage**

- The “IV-D Paternity Establishment Percentage” measures the total number of children in the IV-D caseload in the fiscal year who have been born out-of-wedlock and for whom paternity has been established, compared to the total number of children in the IV-D caseload as of the end of the preceding fiscal year who were born out of wedlock, expressed as a percentage.

OR

- The “Statewide Paternity Establishment Percentage” measures the total number of children born out-of-wedlock for whom paternity was acknowledged or established in the fiscal year compared to the total number of children in the state born out-of-wedlock preceding fiscal year, expressed as a percentage.

### **IV-D PEP (In FFY 2024 California ranked 13<sup>th</sup> Nationwide)**

Minimum threshold: 50% + 2 - 6% increase annually if under 90% California's Performance:

FFY 2002	77.5%	FFY 2003	87.0%	FFY 2004	87.6%	FFY 2005	86.0%	FFY 2006	90.3%
FFY 2007	91.3%	FFY 2008	94.2%	FFY 2009	97.3%	FFY 2010	88.6%	FFY 2011	92.2%
FFY 2012	98.4%	FFY 2013	100.5%	FFY 2014	101.2%	FFY 2015	102.0%	FFY 2016	101.7%
FFY 2017	101.4%	FFY 2018	101.8%	FFY 2019	101.5%	FFY 2020	100.6%	FFY 2021	100.8%
FFY 2022	104.2%	FFY 2023	103.6%	FFY 2024	99.0%				

### **Statewide PEP (In FFY 2024 California ranked 5<sup>th</sup> Nationwide)**

Minimum threshold: 50% + 2 - 6% increase annually if under 90% California's Performance:

FFY 2002	108.7%	FFY 2003	105.9%	FFY 2004	117.6%	FFY 2005	106.5%	FFY 2006	109.9%
FFY 2007	106.7%	FFY 2008	101.4%	FFY 2009	103.4%	FFY 2010	102.6%	FFY 2011	107.0%
FFY 2012	101.6%	FFY 2013	98.6%	FFY 2014	98.2%	FFY 2015	98.0%	FFY 2016	98.6%
FFY 2017	94.3%	FFY 2018	93.6%	FFY 2019	93.8%	FFY 2020	88.6%	FFY 2021	94.5%
FFY 2022	94.4%	FFY 2023	92.5%	FFY 2024	99.0%				

### **2. Percent of Cases with a Child Support Order (In FFY 2024 California ranked 26<sup>th</sup> Nationwide)**

This data element measures cases with support orders as compared with the total caseload. Support orders are broadly defined as all legally enforceable orders, including orders for medical support only, and zero support orders, expressed as a percentage.

Minimum threshold: 50% or 5% increase annually California's Performance:

FFY 2002	75.3%	FFY 2003	76.4%	FFY 2004	78.1%	FFY 2005	80.3%	FFY 2006	80.6%
FFY 2007	82.1%	FFY 2008	80.2%	FFY 2009	78.8%	FFY 2010	82.5%	FFY 2011	85.8%
FFY 2012	87.9%	FFY 2013	89.0%	FFY 2014	89.2%	FFY 2015	89.4%	FFY 2016	90.4%
FFY 2017	91.2%	FFY 2018	91.6%	FFY 2019	92.1%	FFY 2020	92.1%	FFY 2021	92.8%
FFY 2022	90.7%	FFY 2023	88.0%	FFY 2024	87.4%				

### **3. Current Collections Performance (In FFY 2024 California ranked 33<sup>rd</sup> Nationwide)**

This performance standard measures the amount of current support collected as compared to the total amount of current support owed, expressed as a percentage.

Minimum threshold: 40% California's Performance:

FFY 2002	42.4%	FFY 2003	45.2%	FFY 2004	48.0%	FFY 2005	49.3%	FFY 2006	50.4%
FFY 2007	51.5%	FFY 2008	52.8%	FFY 2009	53.4%	FFY 2010	56.0%	FFY 2011	58.6%
FFY 2012	61.4%	FFY 2013	63.3%	FFY 2014	64.9%	FFY 2015	66.5%	FFY 2016	67.0%
FFY 2017	66.5%	FFY 2018	66.5%	FFY 2019	66.6%	FFY 2020	66.5%	FFY 2021	66.5%
FFY 2022	63.1%	FFY 2023	63.1%	FFY 2024	62.7%				

### **4. Arrearage Collections Performance (In FFY 2024 California ranked 34<sup>th</sup> Nationwide)**

This performance standard measures the number of cases with child support arrearage collections as compared with the number of cases owing arrearages during the federal fiscal year, expressed as a percentage.

Minimum threshold: 40% California's Performance:

FFY 2002	54.9%	FFY 2003	55.4%	FFY 2004	54.9%	FFY 2005	56.0%	FFY 2006	56.5%
FFY 2007	57.1%	FFY 2008	59.1%	FFY 2009	59.4%	FFY 2010	60.3%	FFY 2011	61.6%
FFY 2012	63.5%	FFY 2013	65.1%	FFY 2014	65.8%	FFY 2015	66.2%	FFY 2016	66.7%
FFY 2017	66.4%	FFY 2018	66.8%	FFY 2019	66.7%	FFY 2020	78.7%	FFY 2021	74.5%
FFY 2022	67.3%	FFY 2023	64.4%	FFY 2024	62.7%				

### **5. Cost Effectiveness Performance Level (In FFY 2024 California ranked 48<sup>th</sup> Nationwide)**

This measure compares the total amount of distributed collections to the total amount of expenditures for the fiscal year, expressed as distributed collections per dollar of expenditure.

Minimum threshold: \$2.00 California's Performance:

FFY 2002	\$2.23	FFY 2003	\$2.31	FFY 2004	\$2.12	FFY 2005	\$2.15	FFY 2006	\$2.03
FFY 2007	\$2.01	FFY 2008	\$1.96	FFY 2009	\$2.10	FFY 2010	\$2.38	FFY 2011	\$2.29
FFY 2012	\$2.47	FFY 2013	\$2.54	FFY 2014	\$2.43	FFY 2015	\$2.51	FFY 2016	\$2.51
FFY 2017	\$2.52	FFY 2018	\$2.52	FFY 2019	\$2.51	FFY 2020	\$2.74	FFY 2021	\$2.68
FFY 2022	\$2.46	FFY 2023	\$2.35	FFY 2024	\$2.28				

\*The actual FFY 2008 statewide total for cost effectiveness is \$2.04. Due to a reporting error, it had been reported as \$1.96.

## **Data Reliability**

In addition to meeting these performance goals, for purposes of incentives and penalties, data must meet a 95 percent standard of reliability. Data must be sufficiently complete and error free. Federal auditors are required to conduct audits to assess completeness, reliability and security of the data, and the accuracy of the reporting systems used in calculating performance indicators.

Failure to meet the data reliability standard puts states at risk of losing eligibility for incentive funds and incurring significant penalties unless improvements are made during the year.

## **Penalties**

If a state falls below one or more of the performance measures or does not meet the data reliability criteria, then an automatic corrective action period of one year will ensue. If not corrected during that period, a penalty will be imposed at the end of that year. For example, if a state failed two consecutive annual audits, a penalty would be imposed. The penalty level by which payments would be reduced is one to two percent of the TANF grant for the first finding; two to three percent for the second consecutive finding; and three to five percent for the third and subsequent consecutive findings. Total penalties may not exceed 25 percent of the TANF grant.

## **NON IV-D CHILD SUPPORT COLLECTIONS**

### **DESCRIPTION:**

Pursuant to federal Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 requires that Department of Child Support Services establish and operate an SDU for the collection and disbursement of payments for: 1) orders in IV-D cases, and 2) orders in Non IV-D cases for which the support order was initially issued on or after January 1, 1994, and in which the income of the PPS is subject to withholding.

This premise reflects the estimated Non IV-D child support collections collected through the SDU. Non IV-D child support collections are cases with court-ordered wage assignments that are not being served by the Local Child Support Agencies.

### **IMPLEMENTATION DATE:**

This premise was implemented as part of the SDU, effective July 2006.

### **KEY DATA/ASSUMPTIONS:**

- Authorizing statute: W&I Code Section 10080, FC Section 17309, and Code of Civil Procedure Section 706.030 (6).
- It is assumed that Non IV-D child support collections collected through court-ordered wage withholding orders will be processed through the SDU and distributed to the families.
- This Non IV-D child support payment data is based on the CS 34 report.

### **METHODOLOGY:**

- Actual Non IV-D collections are reported monthly in the CS 34 report. Actual Non IV-D collections from July 2023 through June 2025 were used to construct a 24month linear regression model to forecast the annual Non IV-D collections amounts for SFY 2025-26 and SFY 2026-27.
- Based on the latest collections data, DCSS estimates Non IV-D collections of 92.19 million in SFY 2025-26 and \$81.88 million in SFY 2026-27.

### **FUNDING:**

Non IV-D collections are distributed 100 percent to the families.

### **CHANGE FROM ENACTED BUDGET:**

The change reflects updated projections using the most recent 24 months of data.

### **REASON FOR YEAR-TO-YEAR CHANGE:**

The 24-month trend is projecting a decrease in SFY 2026-27.

**NON IV-D COLLECTION TABLE SUMMARY**

\*Dollars in thousands.

<b>PROGRAM ITEM</b>	<b>2025-26 Enacted Budget</b>	<b>2025-26 November Estimate</b>	<b>2026-27 Governor's Budget</b>
<b>NON IV-D COLLECTION TABLE SUMMARY</b>	88,166	92,190	81,877