DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES

Income and Resources for Children in Foster Care

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Federal Cash Benefits and Foster Care Payments

- Children and youth in foster care may be eligible for federal benefits administered by federal agencies, including:
  - Supplemental Security Income (SSI)
  - Social Security Disability Insurance (SSDI)
  - Retirement, Survivors, and Disability Insurance (RSDI)
  - Veterans (VA) benefits
  - Railroad Retirement benefits
- Federal benefits are used for children’s daily care needs, as are federal foster care maintenance payments

Laws and Rules for Costs of Care

- Federal SSA laws and rules allow:
  - Representative payees to be appointed; generally required for children under 18
  - Child welfare agencies to become representative payees for children in foster care receiving federal benefits
  - Child welfare agencies to use children's federal benefits toward costs of providing care to children in foster care
- Minnesota law currently allows courts and county agencies to use income and resources attributable to a child to support costs of foster care

National Discussion

- In May 2021, The Marshall Project and National Public Radio reported that state or local agencies in 49 states and Washington D.C. collected and used federal cash benefits paid on behalf of eligible children and youth in out-of-home placement to defray the costs of their foster care.
- Youth in or previously in foster care, advocates, and others began to ask for reforms that would require state and local government to preserve federal cash benefits for the child.
- Some states and local governments began working towards implementing programs to preserve federal benefits.

Timeline to Report

- 2022 Legislative Session – HF 3211/SF 3955, led by Foster Advocates and others
- 2023 Legislative Session – Governor's Budget proposal, chapter 70
  - Appropriated funding for DHS to develop plan to preserve and make available children's federal benefits, with recommendations included in report to legislature
- 2023-2024 – Contract with MAD
  - Extensive community and stakeholder engagement, including interviews, focus groups, and surveys
  - Policy review and analysis
  - Qualitative and quantitative data collection and analysis
- 2025 – Submission of report with recommendations

Who Was Engaged?

Financial institutions and organizations with experience managing trusts and assets	Minnesota state agency staff from DHS, OHE, and MMB	Social Security Administration
County agency staff, including directors and financial staff	Tribal agency staff and ICWA Council members	Children's Justice Initiative, judges, attorneys, and judicial branch staff
People with lived experience, including former foster youth, families with children in foster care, foster parents, adoptive parents, kinship caregivers, and guardians	Community organizations working with families, children and youth in foster care, former foster youth, children with disabilities and their families, and foster, adoptive, and kinship caregivers	Other states that have or are in the process of developing programs preserving federal benefits

In General: Support for Preserving Benefits

- Preservation of federal benefits is a matter of equity
- Preservation of federal benefits could help youth in foster care meet future needs and successfully transition out of the foster care system
- Knowledge of the preservation of these federal benefits, along with related training and education, may encourage eligible children and youth in foster care to prepare and plan for the future
- Allowing limited use of preserved federal benefits by children and youth while in foster care could enhance support to meet needs and improve wellbeing
- Development of policy and practices to preserve these federal benefits for children and youth in foster care may mitigate risk for the State of Minnesota and counties in Minnesota

But Also: Areas of Risk and Concern Identified

- Youth in foster care were often unaware of their eligibility for federal benefits and how their representative payee used these federal benefits
- Participants warned of potential misuse of federal benefits and exploitation by others
- Counties voiced concerns over changes to the roles of their staff, increased staffing needs, and increased costs

Considerations from Engaging Other States

- Arizona, California (and Los Angeles County), Colorado, Connecticut, Maryland, Ohio, Pennsylvania
  - Minnesota has taken proactive steps on this issue, including seeking engagement and input
- Considerations based on other states' policies/practice
  - Screen for specified federal benefits eligibility, including Social Security liaisons
  - Consider federal policies and rules along with best interests of child, reunification/permanency goal, relative/kin placement, and youth aging out of care when determining benefit use and making policy decisions
  - Preserve all or a portion of benefits in special needs trusts or other accounts, potentially based on child's age and type of benefit preserved, and account for taxes and fees
  - Contract with outside entities to manage benefit applications, funds, assets, and transfers
  - Provide state support and oversight to local governments managing programs

County Engagement: Guided Conversations

- 10 of 11 MACSSA regions, primarily county social services directors with financial staff
- Considerations for benefit preservation
  - State’s rather than county’s responsibility, including developing standards, but divided on who should establish and manage accounts
  - Professional financial management, possibly via trust or other similar process; consider liability, geographical differences, and ongoing access to funds
  - Funding for lost revenue, staffing needs, training, and county audit procedures
  - Allow for flexibility, such as best-interest decisions, special situations, and permanency goals
  - Possible negative impacts, such as financial exploitation, loss of other program eligibility if assets are too high, loss of needed benefits to support reunification and family preservation

County Engagement: Policy and Fiscal Survey Data

- Policy survey response: 59 out of 77 counties/county consortiums (77% response rate)
- Fiscal survey response: 77 out of 77 counties/county consortiums (100% response rate)
- Highlights:
  - SSI and RSDI most common federal benefits applied for; VA, RRB less common
  - Primary factor in decision to serve as rep payee: Length of placement
  - Most frequent timeframe to apply to become rep payee: Between 31 and 90 days after placement
  - 76% have left federal benefits in home to support reunification/family preservation
  - Federal benefits generally do not exceed costs of foster care; if they do, excess funds are typically set aside in savings account, refunded to parents/guardians, or returned to SSA

County Engagement: Fiscal Survey Data for SFYs 2018-2022, Federal Benefits Received

Data point, per SFY	County median	County range	Statewide total: SFY2018	Statewide total: SFY 2022
Total # of children receiving fed. benefits (when known)	6-8 children	1 to 168 children	721 children	599 children
Total # of children for whom counties serve as rep payee	5-6 children	0 to 136 children	852 children	607 children
Total $ amount received while serving as rep payee	$27,591 to $39,556	$13 to $544,792	$3,382,666	$2,791,130
Total $ amount applied to costs of care	$15,599 to $21,086	$0 to $621,693	$2,945,322	$2,535,469

DCYF Recommendations and Need for Policymaker Decisions

1. All older youth exiting foster care need support.

- Consider providing funding to support all children and youth leaving foster care
  - Around 5% of children and youth in foster care receive federal cash benefits

DCYF Recommendations and Need for Policymaker Decisions

2. Federal cash benefits should be preserved, with the Legislature determining scope, eligibility, and other critical components.

- Counties should preserve specific federal cash benefits for youth in foster care, rather than use them to cover the costs of care, and manage preservation of funds
- Statewide screening, application, and account establishment requirements should be specified along with regular program audits
- Federal cash benefits should remain with a child's caregiver to support reunification, if applicable
- Children and youth in foster care should have access to preserved funds saved on their behalf and receive financial guidance
- Youth exiting foster care at 18 or older should own their preservation accounts when possible

DCYF Recommendations and Need for Policymaker Decisions

The Legislature should consider:

- Federal benefits falling in the program’s scope and type/s of preservation accounts
- Eligibility factors, such as child age
- Who may access preserved funds and how such access is granted (including while in foster care, following reunification or other permanency disposition, aging out of care, and when a child or youth cannot be located or has passed away)
- Who is responsible for auditing the program

DCYF Recommendations and Need for Policymaker Decisions

3. State contract management and legislative appropriations are necessary to support local and state implementation.

- DCYF should be required to establish and manage contracts with banking and other institutions.
- Funding for county agencies should be appropriated to replace lost funds and to hire staff.
- Funding for DCYF is needed to hire staff for contract establishment and management.
- Other funding should be appropriated as applicable (e.g., to cover program audits, fees, etc.)

The Legislature should determine:

- Total funding needed for counties to implement the plan
- Who should receive financial guidance and for how long such guidance is available

4. Fees, taxes, and tax preparation costs should be paid from a child’s income and resources while in foster care.

Another option: Require public funds be used to pay fees and other costs incurred.

- The Legislature should determine an appropriation amount should this option be selected

DCYF Recommendations and Need for Policymaker Decisions

5. The Legislature should encourage SSI regulation changes at the federal level to allow greater flexibility for use and saving of SSI.

- Federal regulations limit savings opportunities for children and youth in foster care receiving SSI payments

DCYF Recommendations and Need for Policymaker Decisions

6. Tribal impacts and options should be considered.

- The Legislature should consider:
  - Options to preserve federal benefits for Initiative Tribes that are financially responsible for children and youth in foster care.
  - Potential policy implications related to family preservation and reunification for Tribes working with American Indian children and youth in foster care

The Legislature should also consider how Initiative Tribes may be eligible to receive funding to offset lost revenue and hire staff.

What’s Next

As a state, we must consider the needs of all children and youth in foster care.

It’s important to keep in mind only a small portion of children and youth in foster care receive federal cash benefits – the majority lack resources to support their successful transition into adulthood. To paraphrase testimony recently provided to the Legislative Task Force on Child Protection, when the state chooses to remove a child or youth from their home with the promise that their lives will be better, the state has an obligation to make sure the promise becomes a reality.

Thank you to the following:

- Foster Advocates, their leadership and staff, and the youth who they have brought forward to share their stories with policymakers.
- Management Analysis and Development, for their hours of research, engagement and report writing on a complex subject.
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- Tribal human services staff and leadership who participated in this research project.
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Thank You!