

SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 1025

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DATE
02/06/2025

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Introduction and first reading
Referred to Health and Human Services

OFFICIAL STATUS

1.1 A bill for an act

1.2 relating to foster children; establishing a trust for foster children receiving

1.3 Supplemental Security Income benefits; requiring a report; appropriating money;

1.4 amending Minnesota Statutes 2024, section 142A.609, subdivision 11; proposing

1.5 coding for new law in Minnesota Statutes, chapter 142A.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2024, section 142A.609, subdivision 11, is amended to

1.8 read:

1.9 Subd. 11. **Treatment of Supplemental Security Income.** ~~(a) If a child placed in foster~~

1.10 ~~care receives benefits through Supplemental Security Income (SSI) at the time of foster~~

1.11 ~~care placement or subsequent to placement in foster care, the financially responsible agency~~

1.12 ~~may apply to be the payee for the child for the duration of the child's placement in foster~~

1.13 ~~care.~~ If a child continues to be eligible for SSI Supplemental Security Income (SSI) benefits

1.14 after finalization of the adoption or transfer of permanent legal and physical custody and is

1.15 determined to be eligible for a payment under Northstar Care for Children, a permanent

1.16 caregiver may choose to receive payment from both programs simultaneously. The permanent

1.17 caregiver is responsible to report the amount of the payment to the Social Security

1.18 Administration and the SSI payment will be reduced as required by the Social Security

1.19 Administration.

1.20 ~~(b) If a financially responsible agency applies to be the payee for a child who receives~~

1.21 ~~benefits through SSI, or receives the benefits under this subdivision on behalf of a child,~~

1.22 ~~the financially responsible agency must provide written notice by certified mail, return~~

1.23 ~~receipt requested to:~~

- 2.1 ~~(1) the child, if the child is 13 years of age or older;~~
- 2.2 ~~(2) the child's parent, guardian, or custodian or if there is no legal parent or custodian~~
- 2.3 ~~the child's relative selected by the agency;~~
- 2.4 ~~(3) the guardian ad litem;~~
- 2.5 ~~(4) the legally responsible agency; and~~
- 2.6 ~~(5) the counsel appointed for the child pursuant to section 260C.163, subdivision 3.~~
- 2.7 ~~(e) If a financially responsible agency receives benefits under this subdivision on behalf~~
- 2.8 ~~of a child 13 years of age or older, the legally responsible agency and the guardian ad litem~~
- 2.9 ~~must disclose this information to the child in person in a manner that best helps the child~~
- 2.10 ~~understand the information. This paragraph does not apply in circumstances where the child~~
- 2.11 ~~is living outside of Minnesota.~~
- 2.12 ~~(d) If a financially responsible agency receives the benefits under this subdivision on~~
- 2.13 ~~behalf of a child, it cannot use those funds for any other purpose than the care of that child.~~
- 2.14 ~~The financially responsible agency must not commingle any benefits received under this~~
- 2.15 ~~subdivision and must not put the benefits received on behalf of a child under this subdivision~~
- 2.16 ~~into a general fund.~~
- 2.17 ~~(e) If a financially responsible agency receives any benefits under this subdivision, it~~
- 2.18 ~~must keep a record of:~~
- 2.19 ~~(1) the total dollar amount it received on behalf of all children it receives benefits for;~~
- 2.20 ~~(2) the total number of children it applied to be a payee for; and~~
- 2.21 ~~(3) the total number of children it received benefits for.~~
- 2.22 ~~(f) By July 1, 2025, and each July 1 thereafter, each financially responsible agency must~~
- 2.23 ~~submit a report to the commissioner of children, youth, and families that includes the~~
- 2.24 ~~information required under paragraph (e). By September 1 of each year, the commissioner~~
- 2.25 ~~must submit a report to the chairs and ranking minority members of the legislative committees~~
- 2.26 ~~with jurisdiction over child protection that compiles the information provided to the~~
- 2.27 ~~commissioner by each financially responsible agency under paragraph (e); subdivision 12,~~
- 2.28 ~~paragraph (e); and section 260C.331, subdivision 7, paragraph (d). This paragraph expires~~
- 2.29 ~~January 31, 2034.~~

3.1 Sec. 2. [142A.613] FOSTER CHILDREN ASSISTANCE TRUST.

3.2 Subdivision 1. **Definition.** For the purposes of this section, "beneficiary" means a current
3.3 or former child in foster care for whom a financially responsible agency sends federal cash
3.4 assistance benefits to the commissioner of children, youth, and families pursuant to this
3.5 section.

3.6 Subd. 2. **Establishment.** (a) The foster children assistance trust is established. The trust
3.7 consists of deposits made by the commissioner of children, youth, and families pursuant to
3.8 this section. The trust must be managed to ensure the stability and growth of the trust.

3.9 (b) All assets of the trust are held in trust for the exclusive benefit of beneficiaries. Assets
3.10 must be held in a separate account in the state treasury to be known as the foster children
3.11 assistance trust account or in accounts with the third-party provider selected pursuant to
3.12 subdivision 9. Trust assets are not subject to claims by creditors of the state, are not part of
3.13 the general fund, and are not subject to appropriation by the state.

3.14 Subd. 3. **Requirements of financially responsible agencies.** (a) A financially responsible
3.15 agency must assess whether each child the agency is responsible for is eligible to receive
3.16 benefits through SSI.

3.17 (b) If a child placed in foster care is eligible to receive federal cash assistance benefits,
3.18 the financially responsible agency must:

3.19 (1) apply to be the payee for the child for the duration of the child's placement in foster
3.20 care;

3.21 (2) within 90 days of receipt, remit all benefit payments received as payee for a foster
3.22 child's federal cash assistance benefits to the commissioner of children, youth, and families
3.23 along with documentation identifying the child and amounts received for the child;

3.24 (3) notify each beneficiary above the age of 18 that the beneficiary may be entitled to
3.25 disbursements pursuant to the foster children assistance trust and inform the child how to
3.26 contact the commissioner of children, youth, and families about the trust; and

3.27 (4) retain all documentation related to federal cash assistance benefits received for a
3.28 beneficiary for at least five years after the agency is no longer the beneficiary's financially
3.29 responsible agency.

3.30 (c) The financially responsible agency is liable to a beneficiary for any benefit payment
3.31 that the agency receives as payee for a beneficiary and that is not sent to the commissioner
3.32 of children, youth, and families as required by this section.

4.1 Subd. 4. **Deposits.** The commissioner of children, youth, and families shall deposit all
4.2 money sent pursuant to this section in the foster children assistance trust.

4.3 Subd. 5. **Commissioner's duties.** (a) The commissioner of children, youth, and families
4.4 shall keep a record of the receipts and disbursements of the trust and a separate account for
4.5 each beneficiary.

4.6 (b) The commissioner shall determine annually the annual interest earnings of the trust,
4.7 which include realized capital gains and losses.

4.8 (c) The commissioner shall apportion any annual capital gains earnings to the separate
4.9 beneficiaries' accounts. The rate to be used in this apportionment, computed to the last full
4.10 quarter percent, must be determined by dividing the capital gains earnings by the total
4.11 invested assets of the trust.

4.12 (d) For each beneficiary between the ages of 14 and 18, the commissioner must, by
4.13 February 1 each year, notify the beneficiary of the amount of federal cash assistance benefits
4.14 received on the beneficiary's behalf in the prior calendar year and the tax implications of
4.15 those benefits.

4.16 (e) Account owner data, account data, and data on beneficiaries of accounts are private
4.17 data on individuals or nonpublic data as defined in section 13.02.

4.18 Subd. 6. **Reimbursement.** The commissioner of children, youth, and families shall
4.19 reimburse a financially responsible agency for all benefits sent to the commissioner pursuant
4.20 to this section.

4.21 Subd. 7. **Reports.** (a) By December 1, 2026, the commissioner shall submit a report to
4.22 the legislative committees with jurisdiction over children, youth, and families on the potential
4.23 tax and state and federal benefit impacts of the trust and disbursements on beneficiaries and
4.24 include recommendations on how best to minimize any increased tax burden or benefit
4.25 reduction due to the trust.

4.26 (b) By December 1 of each year, the commissioner shall submit a report to the legislative
4.27 committees with jurisdiction over children, youth, and families on the cost of reimbursing
4.28 financially responsible agencies pursuant to this section and a projection for future costs.

4.29 Subd. 8. **Disbursements.** (a) Once a beneficiary has reached 18 years of age, the
4.30 commissioner of children, youth, and families shall disburse \$10,000 every year to the
4.31 beneficiary until the beneficiary's account is depleted.

4.32 (b) With each disbursement, the commissioner shall include information about the
4.33 potential tax and benefits consequences of the disbursement.

5.1 (c) On petition of a minor beneficiary who is at least 14 years old, a court may order the
5.2 commissioner to deliver or pay to the beneficiary or expend for the beneficiary's benefit the
5.3 amount of the beneficiary's trust account as the court considers advisable for the use and
5.4 benefit of the beneficiary.

5.5 Subd. 9. **Administration.** The commissioner shall administer the program pursuant to
5.6 this section. The commissioner may contract with one or more third parties to carry out
5.7 some or all of these administrative duties, including managing the assets of the trust and
5.8 ensuring that records are maintained.

5.9 Sec. 3. **APPROPRIATION.**

5.10 \$..... in fiscal year 2026 and \$..... in fiscal year 2027 are appropriated from the general
5.11 fund to the commissioner of children, youth, and families to reimburse financially responsible
5.12 agencies for federal cash assistance benefits sent to the commissioner pursuant to Minnesota
5.13 Statutes, section 142A.613.