# Narrative for Podcast on Revenues to Children in Foster Care

## Government and Advocates Negotiate to Preserve Foster Children's Income

Approximately 10%-12% of foster children are entitled to Social Security benefits either because of a disability, or as survivors of parents who paid into the system. Most Minnesota counties use these revenues to pay for foster care. This [fact sheet] has details.

However [House File 3211], authored by Rep. Dave Pinto, preserves these funds for youth when they reach adulthood. The Department of Human Services and counties are working with Safe Passage and Foster Advocates to craft a bill all can support.

Benefits average $700/month, which accumulates quickly even for brief foster placements. Youth who have even modest assets do better when they transition to independence.

As [this NPR story] shows, New York City is already taking this step.

There are still differences to hammer out, but if this bill passes an estimated 1,300 foster children will gain access to their income.

## Narrative

This bill addresses the fact that counties Minnesota, and in states across the country for that matter, have for years made themselves what is called the Representative Payee for children who are in foster care and have some income stream associated with them, and have been taking those funds to offset the cost of foster care. Instead we believe that these revenues ought to be set aside for children because it's actually their money. Whoever has custody of the children is generally the representative payee and they actually get the money Research shows that when youth age out of foster care they do much better if they had even a few thousand dollars to work with than you who have little or nothing.

There are several possible ways that income can go to children, but the main two are administered by the federal Social Security Administration. One is based on parents of children in foster care who have worked and paid into Social Security. Either children are entitled to Social Security benefits as survivors of these parents or because the parent has a disability. In both cases children typically receive 50% of the amount that the parent receives. If a child goes into foster care this bill says that the money should follow them personally and not to their new Representative Payee, which will be either the county or the state. About 15% of all the children who have some form of revenue attached to them fall into this category.

The second Social Security program is based on the child having either a physical or mental disability. These are called "means tested" programs, meaning that children are receiving money because they are disabled and do not have income or "means" to take care of themselves. Approximately 85% of children in foster care with income fall into this group.

There are a few very small additional sources of revenue for children. They are the Railroad Retirement program, benefits for survivors of Black Lung Disease, and Veterans Benefits. These make up a few cases but those revenues are of course very important to the children to whom they belong.

As this podcast is being dropped, Safe Passage is part of a coalition of nonprofits led by the nonprofit Foster Advocates, which has been working with the Minnesota State Department of Human Services and representatives of the counties to craft a bill that will correct this situation. Part of the agreement would be to have the state put money in it's budget to make the counties whole for the income they would be losing.

A bill of this nature has already been implemented in Maryland. In that state however they only begin to set aside revenues for children starting at the age of 14. We hope to do better and set money aside regardless of the child's age. In Maryland the money is aggregated and sent to a third-party administrator, basically a mutual fund operation that sets up accounts for children. Illinois and Nebraska are looking at similar laws to the one being proposed here. And, New York City just this week decided that it would end the practice of taking revenues that belong to foster children. Unfortunately in New York they are just putting these monies in savings accounts, which means they are subject to a $2000 cap on assets that they are allowed to. This is because the children are receiving Medicaid while in foster care. What we hope to do instead is what Maryland has done, which is to put the funds into a special account that shields the money from the Medicaid $2000 asset limit. One option is a Special Needs Trust account, and another is called a 529A account. I will not go into the details of these, what is important is that there is no Medicaid, and money can accumulate into these accounts as long as the children are eligible for benefits.

A different approach to getting the states to redirect this money into accounts for the children is to file a lawsuit. This is being done in Alaska. A lower court ruling required the state to stop redirecting these funds to its own coffers and the case is now on appeal, but in the meantime the state is not been told affirmatively to set these funds aside for children.

While it is simple in concept, the implementation of this bill is complex. It will require the counties to compile lists of children receiving these benefits and start sending their information and payments to the state. The state then has to track all of these payments coming in and hand them off to an entity that will set up trust funds for each individual child, which could be either another state agency or a third-party contractor. Taking this step means that the State Department has to develop some expertise in obtaining and managing a third-party relationship of this nature There are policy considerations too such as whether the parents continue to receive the money as the child's Representative Payee for some grace period when the child first goes into foster care. Then, if the child returns home does the money that has accumulated continue to be set aside or do the parents now have access to it since they are once again the child's representative payee?

Given these complexities the state is saying that it needs time to build out all of this administrative capacity. The difficulty is that there is only a short period of time to get the bill passed during the current legislative session. Each session has deadlines by which time bills need to get through committees, and right now those deadlines are only three or four weeks away. After that date the bill is essentially dead until next year, barring some extraordinary measures in the House for Senate. While this makes it difficult to get a bill passed during the current legislative session, the good news is that the state and counties have gone from being skeptical about this to supporting it in principle.  So it appears that this change will happen hopefully this year but if not next year.

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