

Star Tribune Helps Expose Counties Diverting Foster Children's Money to their Coffers

This [Star Tribune article](#) reveals that Minnesota counties are diverting income belonging to approximately 700 foster children into local coffers without even informing them. This includes social security benefits based on a parent's death or disability, or related to fosters' own physical or mental disability.

Reporter Chris Serres shares the stories of young people who faced desperate financial struggles because of this practice, which clearly contributes to chronically poor foster care outcomes. It also shows that counties are valuing revenues over the success of children in their care.

Safe Passage and fellow nonprofit [Foster Advocates](#) promoted state legislation in 2022 that will place this income into trust funds to support fosters' transition to adulthood. The bill passed both houses but wasn't funded due to end-of-session gridlock. It will be reintroduced in 2023. This publicity will enhance its prospects for passage.

Podcast for blog on Social Security Benefits being taken from fosters

The context for this issue is that Safe Passage worked with fellow nonprofit Foster Advocates on the legislation mentioned in Chris Serres article. Early on we learned about the issue due to investigative reporting produced by the Marshall Fund, we made contact with some national experts on the topic, and talked with our partners about pursuing the issue. Our contribution included crunching a lot of the numbers, and Foster Advocates took the lead at the legislature

According to the state Department of Human Services, in round numbers there are a little more than 13,000 children in foster care in a given year, which includes about 8,000 children at any one time. Our national colleagues estimated that anywhere between 8% to 12% of children in foster care are entitled to some form of benefit. This is mostly related to Social Security. The main one is SSI or Supplemental Security Income which children can get based on having a disability themselves, either physical or mental. Somewhere between 10% and 15% of children who are entitled to benefits however do so based on their parent's death or disability. These are Social Security benefits that the parents earned by paying into the system. Other smaller sources include Black Lung Disease and Railroad Retirement.

The benefits under these programs for foster children are basically half of what their parents earned in that scenario, averaging \$700 per month, or more like \$1200-\$1500 a month for SSI. Children today often do not stay in foster care for lengthy periods of time. There is such pressure to reunify families that children are often sent back to their bio family with the circumstances that got them removed largely unchanged. Failing that there is federal legislation to get children adopted as quickly as possible. This is also not always a good outcome as failed adoptions appear to be increasing. As a result of these factors children may go in and out of foster care several times during their childhood, and it is less common these days for children to enter at a certain age and stay in foster care permanently. So not every child in foster care is

accumulating funds at a rate of \$700 or \$1200 per month for long periods. However even a few months in foster care can give a young person a significant nest egg to use when they transition from foster care to adulthood.

In some ways it is understandable that counties and many states have a process to take these funds and use them to offset the cost of foster care. Child protection and foster care programs are often struggling for funds and this is one way they can ease some of the pinch. I myself managed the state and county budgets for child welfare agencies for a number of years and I hope that if I were a county or state financial or program officer today and became aware of this situation I would advocate for setting aside these funds for children. In fact, representatives of Minnesota counties have come around on this bill and are now supporting it, which is great. However they are insisting that the state make them whole with an appropriation to offset the loss of revenue. My point of view is if it's wrong to take this money from foster children it's wrong, and counties should stop doing it and set up an alternative. But if the state is willing to plug that financial hole and it makes the program work I will go along with it, although somewhat reluctantly.

The fact that this option may only be helpful to 8% percent to 12% of children in foster care is unfortunate, but it's better to get them some support than help no one at all. In the long run though we should go even further. Every child exiting foster care should have a nest egg big enough to ensure that they have a reasonable chance of making the transition. It takes money to rent an apartment, especially when you have to put up a security deposit, to get a car and insurance, or pay for other transportation, and pay for rent, groceries, etc. California just started a pilot project with \$35 million which will help support pregnant women and youth who are aging out of foster care. You can read about it in The Imprint, which is a national child welfare and juvenile justice online newspaper. It's a pilot so the scope is limited. The timeframe is only 12 to 18 months, and the grants are only \$600-\$1200 monthly, and they require a match from either a county or a foundation. This will help approximately 2000 youth aging out of foster care for a period of three years, which is only a small proportion of the approximately 20,000 children in foster care annually in California. But, it's a start! And hopefully it will work can be expanded and picked up by others, including Minnesota.

The importance of this was brought home in the article by Chris Serres, where he has some heart-wrenching interviews with people who aged out of foster care. They became homeless, they were unable to go to college or to get training, they couldn't afford even to get to their jobs or afford diapers for their children. I have heard stories of social workers literally picking children up from their foster home on their 18th birthday and driving them to an adult homeless shelter. It makes me so sad and angry to see this happening for children generally but it's even worse when the county is taking money that belongs to them!.

I estimated the total amount of money that would be needed for the state to make the counties whole based on the above statistics, and it came out to about \$8 million a year. Our expert on this, Daniel Hatcher at the University of Baltimore School of Law, says this is too high. So we still have work to do with him on that. But his experience is based on the bill that he helped to get passed in Maryland, and Maryland only starts phasing in these benefits starting at 14 years old and gradually increases them to hundred percent just before children age of the system. So

his experience of a lower amount going to children and having to be offset by counties is hopefully a bit low.

Another benefit of this program is that there are already mechanisms set up to manage trust funds. Agencies in Minnesota like Lutheran Social Service can set up a fund for a child at a reasonable cost, perhaps \$1000-\$1500, and managing these funds is much less expensive. So there's a lot of infrastructure that doesn't have to be built.

One thing we want to make sure to do is give a shout out to Representative Dave Pinto in the Minnesota House, who championed this bill and really dug into the details. He probably understands more about it now than I do. And he's a tremendous asset to have in that position.

An argument could be made that while children are clearly entitled to benefits earned by their parents, SSI is a form of public assistance and so it is okay for counties to use that money to help pay for children's foster care. This argument is partly supported by the fact that the SSI language requires these funds to be used specifically for children's disability whether physical or mental. But the counterargument is that children should not be required to pay for their own foster care, and I think this is the stronger argument, particularly because counties already have budgets for foster care and should not make some kids pay while others don't have to. In addition counties get a significant amount of state funding for child welfare as well as reimbursement under Medicaid, which covers 50% of the cost of casework services and also requires the state to match these funds. So the counties are not having to contribute at all to those particular income streams.

Two years ago our associates at Foster Advocates got a bill passed which provides the full cost of tuition at any state college or university or other participating institution. If this were combined with enough flexible funds for youth aging out of foster care to meet their basic expenses, including living between semesters, it could really increase the chances that young people aging out of foster care would have a chance to transition to a successful adult life.

Now that we have the publicity from the Chris Serres story and we have already got the bill through the legislature once, we think there's a good chance we can get at the rest of the way through in the 2023 legislative session. It is discouraging then that the state estimates that once the bill is passed it will take 1 ½ to 2 years to implement. This is mainly because of requirements that every possible stakeholder has the chance for input into how the thing is implemented, a process that will take a very long time. Also, even though there is already a mechanism in place for managing these funds at a reasonable cost, the state plans to go through its own due diligence to determine whether it should be managed by state agency or contracted out. I have managed many projects like this as a manager in government and also as a project manager in the private sector. So, I decided to scope out how long it might take to implement this under normal circumstances and I estimated that it would take an experienced business analyst around 3 to 6 months. So that gives one an idea of how much time the many required processes in government take, and how difficult it makes it to implement even fairly straightforward projects. I think it's important to recognize the contribution of managers inside the system, who have to exercise immense patience to get these projects over the finish line. On the other side of the equation, once the legislation passed and the wheels are set in motion

there is a lot of pressure for the process to grind inexorably to the conclusion. At that point at least some significant number of children aging out of foster care will get the money that they have always been due.

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