

112TH CONGRESS
1ST SESSION

H. R. 2953

To require States to take certain additional steps to assist children in foster care in making the transition to independent living, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 15, 2011

Mr. LANGEVIN (for himself and Mr. STARK) introduced the following bill;
which was referred to the Committee on Ways and Means

A BILL

To require States to take certain additional steps to assist children in foster care in making the transition to independent living, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Foster Youth Financial
5 Security Act of 2011”.

6 **SEC. 2. REQUIREMENT THAT STATES TAKE CERTAIN ADDI-**
7 **TIONAL STEPS TO ASSIST CHILDREN IN FOS-**
8 **TER CARE IN MAKING THE TRANSITION TO**
9 **INDEPENDENT LIVING.**

10 (a) STATE PLAN REQUIREMENTS.—

1 (1) IN GENERAL.—Section 477(b)(2) of the So-
2 cial Security Act (42 U.S.C. 677(b)(2)) is amended
3 by adding at the end the following:

4 “(G) With respect to each child in foster
5 care under the responsibility of the State—

6 “(i) within 6 months after the first
7 case review of the case of the child, and
8 annually thereafter, obtain from each con-
9 sumer reporting agency (as defined in sec-
10 tion 603(p) of the Fair Credit Reporting
11 Act) any consumer report (as defined in
12 section 603(d) of such Act) on the child,
13 share the report with the child and the at-
14 torney and guardian ad litem of the child,
15 and assist the child in resolving any inac-
16 curacy in the report; and

17 “(ii) if the child has attained 14 years
18 of age—

19 “(I) assist the child in preparing
20 to obtain, and in obtaining (as appro-
21 priate and in accordance with State
22 law), a learner’s permit and a license
23 to operate a motor vehicle;

24 “(II) if the child has obtained a
25 license to operate a motor vehicle, as-

1 sist the child in obtaining automobile
2 insurance;

3 “(III) assist the child in applying
4 to, attending, securing financial aid
5 for, and completing a postsecondary
6 education or vocational training pro-
7 gram;

8 “(IV) help determine if the child
9 is eligible or potentially eligible for a
10 Federal or State benefit, inform the
11 child of the eligibility or potential eli-
12 gibility, and assist the child in apply-
13 ing for any such benefit and in ap-
14 pealing any denial of any such benefit;

15 “(V) establish and manage an in-
16 dividual development account for the
17 child using funds provided under this
18 section, in accordance with subsection
19 (k);

20 “(VI) assist the child, and the
21 foster parents or kinship care pro-
22 viders (or, if the child has been placed
23 with a biological parent or other pro-
24 spective parent or guardian, the bio-
25 logical parent or other such parent or

1 guardian) of the child in becoming
2 educated about youth independence fi-
3 nancial matters, especially matters re-
4 lating to the successful transition of
5 the child to independent living, by
6 providing education in budgeting and
7 financial management, applying for
8 credit (especially student loans), job
9 readiness, obtaining health care and
10 health insurance, and obtaining and
11 maintaining affordable and stable
12 housing, with the goal of enabling the
13 child, as an adult, to attain stable
14 housing and employment, avoid de-
15 pendence on government assistance,
16 and achieve financial self-sufficiency;

17 “(VII) ensure that the child has
18 a State-issued identification card;

19 “(VIII) assist the child in open-
20 ing a personal bank account; and

21 “(IX) ensure that the child is
22 provided with information on access-
23 ing health care after the child exits
24 from foster care.”.

1 (2) INDIVIDUAL DEVELOPMENT ACCOUNTS.—
2 Section 477 of such Act (42 U.S.C. 677) is amended
3 by adding at the end the following:

4 “(k) INDIVIDUAL DEVELOPMENT ACCOUNTS.—

5 “(1) IN GENERAL.—An individual development
6 account is established and managed in accordance
7 with this subsection if the account is a trust created
8 or organized in the United States exclusively for the
9 purpose of paying the qualified expenses of an eligi-
10 ble individual, or enabling an eligible individual to
11 make an emergency withdrawal, but only if the writ-
12 ten governing instrument creating the trust contains
13 the following requirements:

14 “(A) No contribution will be accepted un-
15 less the contribution is in cash or by check.

16 “(B) The trustee is a federally insured fi-
17 nancial institution, or a State insured financial
18 institution if no federally insured financial insti-
19 tution is available.

20 “(C) The assets of the trust will be in-
21 vested in accordance with the direction of the
22 individual after consultation with the qualified
23 entity authorized to make deposits into the ac-
24 count.

1 “(D) The assets of the trust will not be
2 commingled with other property except in a
3 common trust fund or common investment
4 fund.

5 “(E) Except as provided in subparagraph
6 (F), any amount in the trust that is attrib-
7 utable to a deposit made by a qualified entity
8 may be paid or distributed out of the trust only
9 for the purpose of paying the qualified expenses
10 of the individual.

11 “(F) Any balance in the trust on the day
12 after the date on which the individual for whose
13 benefit the trust is established dies shall be dis-
14 tributed within 30 days after that date as di-
15 rected by that individual to another individual
16 development account established for the benefit
17 of another individual.

18 “(2) CUSTODIAL ACCOUNTS.—For purposes of
19 this subsection, a custodial account shall be treated
20 as a trust if the assets of the custodial account are
21 held by a bank (as defined in section 408(n) of the
22 Internal Revenue Code of 1986) or another person
23 who demonstrates, to the satisfaction of the Sec-
24 retary, that the manner in which the person will ad-
25 minister the custodial account will be consistent with

1 the requirements of this subsection, and if the custo-
2 dial account would, except for the fact that it is not
3 a trust, constitute an individual development account
4 described in paragraph (1) of this subsection. For
5 purposes of this subsection, in the case of a custo-
6 dial account treated as a trust by reason of the pre-
7 ceding sentence, the custodian of the account shall
8 be treated as the trustee of the account.

9 “(3) ELIGIBLE INDIVIDUAL.—In this sub-
10 section, the term ‘eligible individual’ means an indi-
11 vidual who—

12 “(A) has attained 14 years of age; and

13 “(B) is in foster care or a kinship guard-
14 ianship arrangement, or has been adopted.

15 “(4) EMERGENCY WITHDRAWAL.—In paragraph
16 (1), the term ‘emergency withdrawal’ means, with
17 respect to an individual development account, a
18 withdrawal by the individual for whose benefit the
19 trust is established, that—

20 “(A) is of funds deposited by the individual
21 in the account;

22 “(B) is permitted on a case-by-case basis
23 by a qualified entity authorized to make depos-
24 its into the account; and

25 “(C) is made for—

1 “(i) expenses for medical care or nec-
2 essary to obtain medical care, for the indi-
3 vidual, the spouse of the individual, or a
4 dependent of the individual with respect to
5 whom the individual is allowed a deduction
6 under section 151 of the Internal Revenue
7 Code of 1986;

8 “(ii) payments necessary to prevent
9 the eviction of the individual from the resi-
10 dence of the individual, or foreclosure on
11 the mortgage for the principal residence of
12 the individual; or

13 “(iii) payments necessary to enable
14 the individual to meet necessary living ex-
15 penses following loss of employment.

16 “(5) QUALIFIED ENTITY.—The term ‘qualified
17 entity’ means—

18 “(A) 1 or more not-for-profit organizations
19 described in section 501(c)(3) of the Internal
20 Revenue Code of 1986 and exempt from tax-
21 ation under section 501(a) of such Code;

22 “(B) a State or unit of local government;

23 “(C) an entity which has entered into an
24 agreement with a State or unit of local govern-
25 ment under which the entity is to provide for

1 individual development accounts for eligible
2 children or children making the transition to
3 independent living; or

4 “(D) an entity that—

5 “(i) is—

6 “(I) a credit union designated as
7 a low-income credit union by the Na-
8 tional Credit Union Administration
9 (NCUA); or

10 “(II) an organization designated
11 as a community development financial
12 institution by the Secretary of the
13 Treasury (or the Community Develop-
14 ment Financial Institutions Fund);
15 and

16 “(ii) can demonstrate a collaborative
17 relationship with a local community-based
18 organization whose activities are designed
19 to address poverty in the community and
20 the needs of community members for eco-
21 nomic independence and stability.

22 “(6) QUALIFIED EXPENSES.—The term ‘quali-
23 fied expenses’ means any of the following:

24 “(A) HOUSING EXPENSES.—Expenses to
25 secure and maintain safe and decent housing.

1 “(B) EDUCATIONAL EXPENSES.—Edu-
2 educational expenses paid from an individual devel-
3 opment account directly to an eligible edu-
4 cational institution. In this subparagraph:

5 “(i) EDUCATIONAL EXPENSES.—The
6 term ‘educational expenses’ means the fol-
7 lowing:

8 “(I) TUITION AND FEES.—Tui-
9 tion and fees required for the enroll-
10 ment or attendance of a student at an
11 eligible educational institution.

12 “(II) FEES, BOOKS, SUPPLIES,
13 AND EQUIPMENT.—Fees, books, sup-
14 plies, and equipment required for
15 courses of instruction at an eligible
16 educational institution.

17 “(ii) ELIGIBLE EDUCATIONAL INSTI-
18 TUTION.—The term ‘eligible educational
19 institution’ means the following:

20 “(I) SECONDARY SCHOOL.—A
21 secondary school (as defined in section
22 9101 of the Elementary and Sec-
23 ondary Education Act of 1965).

1 “(II) VOCATIONAL EDUCATION
2 SCHOOL.—A school that provides vo-
3 cational education.

4 “(III) INSTITUTION OF HIGHER
5 EDUCATION.—An institution described
6 in section 101 or 102 of the Higher
7 Education Act of 1965.

8 “(IV) POSTSECONDARY VOCA-
9 TIONAL EDUCATION SCHOOL.—An
10 area vocational education school (as
11 defined in subparagraph (C) or (D) of
12 section 521(4) of the Carl D. Perkins
13 Vocational and Applied Technology
14 Education Act) which is in any State
15 (as defined in section 521(33) of such
16 Act).

17 “(C) EMPLOYMENT EXPENSES.—Amounts
18 paid from an individual development account to
19 enable an eligible individual to operate a busi-
20 ness, purchase clothing or supplies necessary to
21 become or remain employed, or purchase, main-
22 tain, or repair a motor vehicle (including insur-
23 ance).”.

1 (b) STATE EVALUATIONS.—Section 477(g) of such
2 Act (42 U.S.C. 677(g)) is amended by adding at the end
3 the following:

4 “(3) STATE EVALUATIONS OF SPECIFIC SERV-
5 ICES PROVIDED TO ASSIST THE TRANSITION TO
6 INDEPENDENT LIVING.—

7 “(A) IN GENERAL.—Within 3 months after
8 the end of each fiscal year for which a State re-
9 ceives funds made available under subsection
10 (h)(3), the State shall conduct an evaluation of
11 the uses to which the funds are put, and the ef-
12 fects of so using the funds, during the fiscal
13 year.

14 “(B) FUNDING.—The Secretary shall re-
15 serve 5 percent of the amount specified in sub-
16 section (h)(3) for a fiscal year for grants to
17 States for evaluations referred to in subpara-
18 graph (A) of this paragraph.”.

19 (c) ELIMINATION OF USE OF SOCIAL SECURITY
20 NUMBER AS IDENTIFIER FOR FOSTER CHILD.—

21 (1) IN GENERAL.—Section 471(a) of such Act
22 (42 U.S.C. 671(a)) is amended—

23 (A) by striking “and” at the end of para-
24 graph (32);

1 (B) by striking the period at the end of
2 paragraph (33) and inserting “; and”; and

3 (C) by adding at the end the following:

4 “(34) beginning 1 year after the date of the en-
5 actment of this paragraph, provides for use of proce-
6 dures and practices to eliminate the use of the social
7 security account number of a child who is in foster
8 care under the responsibility of the State as an iden-
9 tifier for the child.”.

10 (2) DEVELOPMENT OF ALTERNATIVE SOCIAL
11 SECURITY NUMBERS FOR TAX RETURNS.—The Com-
12 missioner of Internal Revenue shall develop, not
13 later than 1 year after the date of the enactment of
14 this Act a process for the assignment of alternative
15 taxpayer identification numbers for foster children
16 for use in tax returns in a manner similar to those
17 used in the case of adopted children.

18 (d) FUNDING.—Section 477(h) of the Social Security
19 Act (42 U.S.C. 677(h)) is amended—

20 (1) by striking “and” at the end of paragraph
21 (1);

22 (2) by striking the period at the end of para-
23 graph (2) and inserting a semicolon; and

24 (3) by adding at the end the following:

1 “(3) an additional \$45,000,000, which are au-
2 thorized to be available to enable States to carry out
3 the State plan requirements described in subsection
4 (b)(2)(G); and

5 “(4) an additional \$5,000,000, which are au-
6 thorized to be available to the Secretary for a grant
7 to a national coalition or consortium of private, non-
8 profit organizations and other organizations focused
9 on the needs of transitioning foster youth, in con-
10 sultation with individual organizations experienced
11 in addressing service delivery, legal issues, and fi-
12 nancial asset management issues, and identity safe-
13 guarding issues related to youth, for the develop-
14 ment of materials, technical assistance, and other
15 support to State foster care agencies to aid in the
16 implementation of subsection (b)(2)(G).”.

17 (e) ANNUAL REPORTS TO THE SECRETARY.—Section
18 477 of such Act (42 U.S.C. 677), as amended by sub-
19 section (a)(2) of this section, is amended by adding at the
20 end the following:

21 “(1) STATE REPORTS TO THE SECRETARY.—Within
22 3 months after the end of each fiscal year, each State to
23 which a grant is made under subsection (h)(1)(B) for a
24 fiscal year shall submit to the Secretary a report on—

1 “(1) the number of children for whom the State
2 obtained a consumer report pursuant to subsection
3 (b)(2)(G)(i) during the fiscal year, and the number
4 of such children whose report contained a discrep-
5 ancy; and

6 “(2) the total number of children provided serv-
7 ices pursuant to subsection (b)(2)(G) during the fis-
8 cal year, the nature of the services so provided, and
9 the effects of the provision of financial security and
10 financial management services on the competence of
11 the children in such matters.”.

12 (f) EFFECTIVE DATE.—

13 (1) IN GENERAL.—Except as provided in para-
14 graph (2), the amendments made by this section
15 shall take effect on October 1, 2011, and shall apply
16 to payments under part E of title IV of the Social
17 Security Act for quarters beginning on or after such
18 date.

19 (2) DELAY PERMITTED IF STATE LEGISLATION
20 REQUIRED.—In the case of a State plan approved
21 under part E of title IV of the Social Security Act
22 which the Secretary of Health and Human Services
23 determines requires State legislation (other than leg-
24 islation appropriating funds) in order for the plan to
25 meet the additional requirements imposed by sub-

1 section (a), the State plan shall not be regarded as
2 failing to comply with the requirements solely on the
3 basis of the failure of the plan to meet such addi-
4 tional requirements before the 1st day of the 1st cal-
5 endar quarter beginning after the close of the 1st
6 regular session of the State legislature that ends
7 after the 1-year period beginning with the date spec-
8 ified in paragraph (1) of this subsection. For pur-
9 poses of the preceding sentence, in the case of a
10 State that has a 2-year legislative session, each year
11 of the session is deemed to be a separate regular
12 session of the State legislature.

13 **SEC. 3. TECHNICAL ASSISTANCE FOR CHILD WELFARE**
14 **AGENCIES.**

15 On request of a State agency responsible for admin-
16 istering, or supervising the administration of, a State pro-
17 gram authorized by part E of title IV of the Social Secu-
18 rity Act, the Secretary of Health and Human Services,
19 in consultation with the Chairman of the Federal Trade
20 Commission with respect to matters pertaining to trans-
21 actional security, shall provide the State agency with tech-
22 nical assistance in carrying out the amendments made by
23 this Act, and may award grants to and enter into con-
24 tracts with qualified non-profit or other community-based

- 1 service providers with substantive expertise to provide the
- 2 assistance.

