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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.
This Act may be cited as the “Foster Youth Financial Security Act of 2011”.

SEC. 2. REQUIREMENT THAT STATES TAKE CERTAIN ADDITIONAL STEPS TO ASSIST CHILDREN IN FOSTER CARE IN MAKING THE TRANSITION TO INDEPENDENT LIVING.
(a) State Plan Requirements.—
(1) IN GENERAL.—Section 477(b)(2) of the Social Security Act (42 U.S.C. 677(b)(2)) is amended by adding at the end the following:

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

“(i) within 6 months after the first case review of the case of the child, and annually thereafter, obtain from each consumer reporting agency (as defined in section 603(p) of the Fair Credit Reporting Act) any consumer report (as defined in section 603(d) of such Act) on the child, share the report with the child and the attorney and guardian ad litem of the child, and assist the child in resolving any inaccuracy in the report; and

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

“(I) assist the child in preparing to obtain, and in obtaining (as appropriate and in accordance with State law), a learner’s permit and a license to operate a motor vehicle;

“(II) if the child has obtained a license to operate a motor vehicle, as-
assist the child in obtaining automobile insurance;

“(III) assist the child in applying to, attending, securing financial aid for, and completing a postsecondary education or vocational training program;

“(IV) help determine if the child is eligible or potentially eligible for a Federal or State benefit, inform the child of the eligibility or potential eligibility, and assist the child in applying for any such benefit and in appealing any denial of any such benefit;

“(V) establish and manage an individual development account for the child using funds provided under this section, in accordance with subsection (k);

“(VI) assist the child, and the foster parents or kinship care providers (or, if the child has been placed with a biological parent or other prospective parent or guardian, the biological parent or other such parent or
guardian) of the child in becoming educated about youth independence financial matters, especially matters relating to the successful transition of the child to independent living, by providing education in budgeting and financial management, applying for credit (especially student loans), job readiness, obtaining health care and health insurance, and obtaining and maintaining affordable and stable housing, with the goal of enabling the child, as an adult, to attain stable housing and employment, avoid dependence on government assistance, and achieve financial self-sufficiency;

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

“(VIII) assist the child in opening a personal bank account; and

“(IX) ensure that the child is provided with information on accessing health care after the child exits from foster care.”.
(2) **INDIVIDUAL DEVELOPMENT ACCOUNTS.**—

Section 477 of such Act (42 U.S.C. 677) is amended by adding at the end the following:

“(k) **INDIVIDUAL DEVELOPMENT ACCOUNTS.**—

“(1) **IN GENERAL.**—An individual development account is established and managed in accordance with this subsection if the account is a trust created or organized in the United States exclusively for the purpose of paying the qualified expenses of an eligible individual, or enabling an eligible individual to make an emergency withdrawal, but only if the written governing instrument creating the trust contains the following requirements:

“(A) No contribution will be accepted unless the contribution is in cash or by check.

“(B) The trustee is a federally insured financial institution, or a State insured financial institution if no federally insured financial institution is available.

“(C) The assets of the trust will be invested in accordance with the direction of the individual after consultation with the qualified entity authorized to make deposits into the account.
“(D) The assets of the trust will not be commingled with other property except in a common trust fund or common investment fund.

“(E) Except as provided in subparagraph (F), any amount in the trust that is attributable to a deposit made by a qualified entity may be paid or distributed out of the trust only for the purpose of paying the qualified expenses of the individual.

“(F) Any balance in the trust on the day after the date on which the individual for whose benefit the trust is established dies shall be distributed within 30 days after that date as directed by that individual to another individual development account established for the benefit of another individual.

“(2) Custodial accounts.—For purposes of this subsection, a custodial account shall be treated as a trust if the assets of the custodial account are held by a bank (as defined in section 408(n) of the Internal Revenue Code of 1986) or another person who demonstrates, to the satisfaction of the Secretary, that the manner in which the person will administer the custodial account will be consistent with
the requirements of this subsection, and if the custo-
dial account would, except for the fact that it is not
a trust, constitute an individual development account
described in paragraph (1) of this subsection. For
purposes of this subsection, in the case of a custo-
dial account treated as a trust by reason of the pre-
ceding sentence, the custodian of the account shall
be treated as the trustee of the account.

“(3) Eligible individual.—In this sub-
section, the term ‘eligible individual’ means an indi-
vidual who—

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

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

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

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

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

“(C) is made for—
“(i) expenses for medical care or necessary to obtain medical care, for the individual, the spouse of the individual, or a dependent of the individual with respect to whom the individual is allowed a deduction under section 151 of the Internal Revenue Code of 1986;

“(ii) payments necessary to prevent the eviction of the individual from the residence of the individual, or foreclosure on the mortgage for the principal residence of the individual; or

“(iii) payments necessary to enable the individual to meet necessary living expenses following loss of employment.

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

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

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

“(C) an entity which has entered into an agreement with a State or unit of local government under which the entity is to provide for
individual development accounts for eligible children or children making the transition to independent living; or

“(D) an entity that—

“(i) is—

“(I) a credit union designated as a low-income credit union by the National Credit Union Administration (NCUA); or

“(II) an organization designated as a community development financial institution by the Secretary of the Treasury (or the Community Development Financial Institutions Fund); and

“(ii) can demonstrate a collaborative relationship with a local community-based organization whose activities are designed to address poverty in the community and the needs of community members for economic independence and stability.

“(6) QUALIFIED EXPENSES.—The term ‘qualified expenses’ means any of the following:

“(A) HOUSING EXPENSES.—Expenses to secure and maintain safe and decent housing.
“(B) Educational expenses.—Educational expenses paid from an individual development account directly to an eligible educational institution. In this subparagraph:

“(i) Educational expenses.—The term ‘educational expenses’ means the following:

“(I) Tuition and fees.—Tuition and fees required for the enrollment or attendance of a student at an eligible educational institution.

“(II) Fees, books, supplies, and equipment.—Fees, books, supplies, and equipment required for courses of instruction at an eligible educational institution.

“(ii) Eligible educational institution.—The term ‘eligible educational institution’ means the following:

“(I) Secondary school.—A secondary school (as defined in section 9101 of the Elementary and Secondary Education Act of 1965).
“(II) Vocational education school.—A school that provides vocational education.

“(III) Institution of higher education.—An institution described in section 101 or 102 of the Higher Education Act of 1965.

“(IV) Postsecondary vocational education school.—An area vocational education school (as defined in subparagraph (C) or (D) of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act) which is in any State (as defined in section 521(33) of such Act).

“(C) Employment expenses.—Amounts paid from an individual development account to enable an eligible individual to operate a business, purchase clothing or supplies necessary to become or remain employed, or purchase, maintain, or repair a motor vehicle (including insurance).”
(b) **State Evaluations.**—Section 477(g) of such Act (42 U.S.C. 677(g)) is amended by adding at the end the following:

“(3) **State evaluations of specific services provided to assist the transition to independent living.**—

“(A) **In general.**—Within 3 months after the end of each fiscal year for which a State receives funds made available under subsection (h)(3), the State shall conduct an evaluation of the uses to which the funds are put, and the effects of so using the funds, during the fiscal year.

“(B) **Funding.**—The Secretary shall reserve 5 percent of the amount specified in subsection (h)(3) for a fiscal year for grants to States for evaluations referred to in subparagraph (A) of this paragraph.”.

(c) **Elimination of Use of Social Security Number as Identifier for Foster Child.**—

(1) **In general.**—Section 471(a) of such Act (42 U.S.C. 671(a)) is amended—

(A) by striking “and” at the end of paragraph (32);
(B) by striking the period at the end of paragraph (33) and inserting ‘‘; and’’; and

(C) by adding at the end the following:

‘‘(34) beginning 1 year after the date of the enactment of this paragraph, provides for use of procedures and practices to eliminate the use of the social security account number of a child who is in foster care under the responsibility of the State as an identifier for the child.’’.

(2) Development of alternative social security numbers for tax returns.—The Commissioner of Internal Revenue shall develop, not later than 1 year after the date of the enactment of this Act a process for the assignment of alternative taxpayer identification numbers for foster children for use in tax returns in a manner similar to those used in the case of adopted children.

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

(1) by striking ‘‘and’’ at the end of paragraph (1);

(2) by striking the period at the end of paragraph (2) and inserting a semicolon; and

(3) by adding at the end the following:
“(3) an additional $45,000,000, which are authorized to be available to enable States to carry out the State plan requirements described in subsection (b)(2)(G); and

“(4) an additional $5,000,000, which are authorized to be available to the Secretary for a grant to a national coalition or consortium of private, non-profit organizations and other organizations focused on the needs of transitioning foster youth, in consultation with individual organizations experienced in addressing service delivery, legal issues, and financial asset management issues, and identity safeguarding issues related to youth, for the development of materials, technical assistance, and other support to State foster care agencies to aid in the implementation of subsection (b)(2)(G).”.

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

“(l) STATE REPORTS TO THE SECRETARY.—Within 3 months after the end of each fiscal year, each State to which a grant is made under subsection (h)(1)(B) for a fiscal year shall submit to the Secretary a report on—
“(1) the number of children for whom the State obtained a consumer report pursuant to subsection (b)(2)(G)(i) during the fiscal year, and the number of such children whose report contained a discrepancy; and

“(2) the total number of children provided services pursuant to subsection (b)(2)(G) during the fiscal year, the nature of the services so provided, and the effects of the provision of financial security and financial management services on the competence of the children in such matters.”.

(f) EFFECTIVE DATE.—

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

(2) DELAY PERMITTED IF STATE LEGISLATION REQUIRED.—In the case of a State plan approved under part E of title IV of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order for the plan to meet the additional requirements imposed by sub-
section (a), the State plan shall not be regarded as failing to comply with the requirements solely on the basis of the failure of the plan to meet such additional requirements before the 1st day of the 1st calendar quarter beginning after the close of the 1st regular session of the State legislature that ends after the 1-year period beginning with the date specified in paragraph (1) of this subsection. For purposes of the preceding sentence, in the case of a State that has a 2-year legislative session, each year of the session is deemed to be a separate regular session of the State legislature.

SEC. 3. TECHNICAL ASSISTANCE FOR CHILD WELFARE AGENCIES.

On request of a State agency responsible for administering, or supervising the administration of, a State program authorized by part E of title IV of the Social Security Act, the Secretary of Health and Human Services, in consultation with the Chairman of the Federal Trade Commission with respect to matters pertaining to transactional security, shall provide the State agency with technical assistance in carrying out the amendments made by this Act, and may award grants to and enter into contracts with qualified non-profit or other community-based
service providers with substantive expertise to provide the assistance.