



## MEMORANDUM

**TO:** Members of the Senate Committee on Housing and Human Services  
**FROM:** Anne Kuhnen, Kids Count Policy Director, Michigan League for Public Policy  
**DATE:** May 22, 2024  
**RE:** Support for Senate Bill 872 to protect the federal benefits of children in foster care

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The Michigan League for Public Policy is pleased to support Senate Bill 872. We thank Senator Irwin for sponsoring this important legislation to protect the income and assets of children currently in foster care and advance the financial security of those exiting care.

The League is a nonpartisan research and advocacy organization that promotes economic opportunity for all. We are also the state's Kids Count organization, working as part of a national effort to measure child and family well-being at the state and local levels and to shape efforts that improve the lives of children in Michigan.

Over 9,000 children in Michigan were in foster care in 2021, a group representing some of our state's most vulnerable residents. According to the Congressional Research Service, about 4.4% of these children receive benefits from the Supplemental Security Income (SSI) or Social Security programs due to their own disabilities or due to the retirement, disability or death of a parent.<sup>1</sup>

The state may screen and apply for benefits on behalf of a child entering foster care, but is under no obligation to preserve these funds for the financial security of the child. In fact, in fiscal year 2022-23, Michigan planned to use 100% of the \$3.2 million in restricted revenue from federal benefits for eligible children in foster care to reimburse the Department of Health and Human Services for the cost of the child's care.<sup>2</sup>

Rather than seizing a child's benefits to raise revenue for the department, Senate Bill 872 would require the department to secure these funds for the use of special needs services not

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<sup>1</sup> Emilie Stoltzfus, Paul S. Davies, and William R. Morton. "Children in Foster Care and Social Security Administration Benefits: Frequently Asked Questions." Congressional Research Service, November 23, 2021. <https://sgp.fas.org/crs/misc/R46975.pdf>.

<sup>2</sup> E. Best and Sydney Brown. "House Bill 4694 Summary as Introduced." Legislative Analysis. House Fiscal Agency, November 8, 2023.

<https://legislature.mi.gov/documents/2023-2024/billanalysis/House/pdf/2023-HLA-4694-3D06FBDE.pdf>.

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otherwise provided as well as to conserve the benefits in a designated account that can be accessed by the child when exiting care.

In 2021, nearly 5,000 children in Michigan exited foster care, 13% of whom aged out without reuniting with their parents or having another permanent home.<sup>3</sup> For those who had been receiving federal benefits, having access to those funds will help these particularly vulnerable young people transition out of care.

Young people who leave foster care without connections to family or caregivers often have difficulty securing housing and income to support themselves. Just over half of young adults who have experienced foster care reported having stable housing or having full- or part-time employment by age 21.<sup>4</sup> Conserving these funds can help to provide greater financial security for eligible young people aging out of foster care, putting them on more solid footing in an already difficult transition period.

Michigan has an incredible opportunity to become one of the leading states to take steps to preserve a child's federal benefits in their best interests. We thank the committee for their work on this important issue and urge full support of Senate Bill 872.

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<sup>3</sup> "Children Exiting Foster Care by Exit Reason." Kids Count Data Center, April 2023.

<https://datacenter.aecf.org/>.

<sup>4</sup> "Fostering Youth Transitions 2023." Data Tables. Annie E. Casey Foundation, May 3, 2023.

<https://assets.aecf.org/m/resourcedoc/aecf-fosteringyouth-data-2023.pdf>.

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