



Date: February 25, 2025

To: Members of the Senate Committee on Housing and Human Services

From: Anne Kuhnen, Kids Count Policy Director, Michigan League for Public Policy

Subject: Support for Senate Bill 18 – Protect the Federal Benefits of Children in Foster Care

The Michigan League for Public Policy is pleased to support Senate Bill 18, sponsored by Sen. Jeff Irwin, to protect the income and assets of children currently in foster care and advance the financial security of those exiting care.

For those of you who are not yet familiar, the League is a nonpartisan research and advocacy organization that promotes economic opportunity for all and analyzes the impact of public policy and budget decisions on the lives of Michiganders who have been historically and systemically left out of opportunities to advance prosperity. The League is also the state's Kids Count organization, working as a part of a national effort to measure the well-being of children at the state and local levels and to shape efforts that improve the lives of Michigan children.

In 2021, over 9,000 children in Michigan were in foster care – a group representing some of our state's most vulnerable residents. According to the Congressional Research Service, about 4.4% of these children may receive benefits from the Supplemental Security Income (SSI) program or Social Security program due to their own disabilities or due to the retirement, disability or death of a parent.¹ Children under the age of 18 are typically assigned representative payees to receive and manage their benefits, and for 8 out of every 10 children in foster care, this is the state child welfare agency.²

The state may screen and apply for benefits on behalf of a child entering foster care, but is currently under no obligation to preserve these funds for the financial security of the child. In fact, in fiscal year 2022-2023, Michigan planned to use 100% of the \$3.2 million in restricted

¹ 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>.

² Ibid.

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.³

Rather than confiscating a child's benefits to raise revenue for the department, Senate Bill 18 would require the department to screen children for eligibility, apply for benefits, and – most importantly – secure these funds for the use of special needs services not otherwise provided or conserve the benefits in a designated account that can be accessed by the child when exiting care.

Youth aging out of the foster care system suffer the most from the loss of assets that could have been saved for them. In 2021, over half of young people ages 16 and up leaving foster care aged out without permanent, legal connections to family or caregivers.⁴ These young people, who are disproportionately Black or Hispanic, are at greater risk of hardships like homelessness and economic instability. Conserving state and federal benefits for eligible foster youth would help put them on more solid footing in an already difficult transition period.

We support the proposal to end the practice of taking benefits from children to offset the cost of their own care in the Executive Budget, and wish to see this change be made permanent through statute. Michigan has the opportunity to join the growing number of states taking action to preserve the rights of foster youth to their benefits by taking swift action on this legislation. We thank the committee for their work on this important issue and urge full support of Senate Bill 18.

³ 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>.

⁴ "2023 Michigan Profile." Transition-Age Youth in Foster Care. The Annie E. Casey Foundation, May 8, 2023. <https://assets.aecf.org/m/resourcedoc/aecf-fosteringyouth-stateprofile-MI.pdf>.

Using data to educate, advocate and fight for policy solutions that undo historic and systemic racial and economic inequities to lift up Michiganders who have been left out of prosperity.

1223 TURNER STREET • SUITE G1 • LANSING, MICHIGAN 48906

P: 517.487.5436 • F: 517.371.4546 • WWW.MLPP.ORG

A UNITED WAY AGENCY