Legislative Analysis

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FOSTER YOUTH BENEFITS

House Bill 4750 as enacted
Public Act 51 of 2026
Sponsor: Rep. Kathy Schmaltz

Senate Bill 18 as enacted
Public Act 52 of 2026
Sponsor: Sen. Jeff Irwin

House Committee: Families and Veterans [SB 18 discharged]
Senate Committee: Housing and Human Services [HB 4750 discharged]
Complete to 8-14-26

SUMMARY:

The bills together amend the Foster Care and Adoption Services Act to make changes concerning a child in foster care's eligibility for or receipt of certain state and federal benefits. The bills take effect October 1, 2026.

House Bill 4750 requires the Department of Health and Human Services (DHHS), within 60 days after a child enters foster care and annually thereafter while the child is in foster care, to screen the child for potential eligibility for ***benefits*** and apply for benefits the child is not already receiving and may be eligible for. When applying for benefits for a child in foster care under the bills, DHHS, in cooperation with the child's guardian ad litem,[1] must identify a representative payee or fiduciary in accordance with federal regulations.[2] DHHS may apply to become the representative payee only if no other suitable candidate is available.

Benefits mean all of the following:

- Federal Supplemental Security Income.
- Social Security benefits.
- State Supplemental Security Income.
- United States Department of Veterans Affairs benefits.
- If identified by DHHS, other applicable benefits the child is eligible for.

If another person serves as the representative payee for a child in foster care receiving benefits, DHHS must do all of the following:

- Keep track of the payee's activities.
- Provide guidance for the payee as needed.
- Require the payee to provide an annual accounting report to DHHS and the child.

[1] Provisions in the bills related to guardians ad litem would apply only if one has been appointed. A guardian ad litem is appointed by the court to protect the interests of a person, such as a minor, who is unable to take care of themselves.
[2] 20 CFR 404.2021 and 20 CFR 416.621.

If DHHS serves as the representative payee or in another fiduciary capacity for a child in foster care receiving benefits, it must do all of the following, consistent with federal law:

- Use or conserve the benefits in the child's best interests, including using benefits for services for special needs not otherwise provided by DHHS or conserving the benefits for the child's reasonably foreseeable future needs. DHHS cannot use any benefits of the child to reimburse the state for the cost of care of the child in foster care.
- Ensure that when the child is 14 to 17 years old, and until DHHS no longer serves as the representative payee or fiduciary, at least 50% of the child's benefits are conserved.
- For benefits or resources that are below or not subject to any federal asset or resource limit, use discretion in accordance with federal law and in the best interests of the child to conserve the funds for services for special needs not otherwise provided by DHHS, including choosing one or more of options listed in the next bulleted item.
- Appropriately monitor any federal asset or resource limits for the benefits and ensure that the child's best interests are served by using or conserving the benefits in a way that avoids violating any federal asset or resource limits that would affect the child's eligibility to receive the benefits, including at least all of the following:
    - Applying to the Social Security Administration to establish a plan for achieving self-support (PASS) account[3] for the child under the federal Social Security Act[4] and determining whether it is in the best interests of the child to conserve all or part of the benefits in the account.
    - Establishing a plan under section 529A of the Internal Revenue Code for the child and conserving the child's benefits in that account in a manner that appropriately avoids any federal asset or resource limits.[5]
    - Establishing an individual development account for the child and conserving the child's benefits in that account in a manner that appropriately avoids any federal asset or resource limits.
    - Establishing a special needs trust for the child and conserving the child's benefits in the trust in a manner that is consistent with federal requirements and appropriately avoids any federal asset or resource limits.
    - Using the benefits for services for current special needs not already provided by DHHS if DHHS determines that use to be in the best interests of the child.
    - Applying any other exclusions from federal asset or resource limits available under federal law and using or conserving the child's benefits in a manner that appropriately avoids any federal asset or resource limits.
- Provide an annual accounting to the child, the appropriate contact at the supervising child placement agency, and the child's guardian ad litem of how the child's resources, including benefits, have been used or conserved in accordance with the bills.
- If DHHS determines it appropriate, provide the child with financial literacy training when they have reached 14 years of age through the teaching of personal financial management skills and basic principles of earning, spending, saving, borrowing, and investing. The training must explore and evaluate options for financing postsecondary education, including at least Free Application for Federal Student Aid (FASFA) requirements; identify strategies for reducing the overall cost of postsecondary

[3] https://choosework.ssa.gov/library/faq-plan-to-achieve-self-support
[4] https://www.law.cornell.edu/uscode/text/42/chapter-7
[5] https://www.law.cornell.edu/uscode/text/26/529A

education; and discuss the impact of scholarships, grants, work study, and other forms of assistance and their application processes.

- Make monthly payments to the child from the child's benefits for ***allowable expenses***. DHHS must establish a process for reviewing and approving allowable expenses requested by the child, and must approve the payment of allowable expenses requested unless it determines that the expenses are not in the child's best interests.

  Allowable expenses means expenses incurred or needed by the child that are related to any of the following:
  - Education.
  - Medicaid or health insurance co-pays or deductibles or out-of-pocket expenses for medical treatment received by the child.
  - Job training.
  - Transportation.
  - Immediate living expenses.

MCL 722.968f (added)

Senate Bill 18 requires DHHS, upon complying with House Bill 4750, to immediately notify the child, through the child's guardian ad litem and the appropriate contact at the supervising child placing agency, of any of the following:

- An application for benefits made on the child's behalf or any application to become a representative payee for those benefits on the child's behalf.
- A decision or communication from the state or the federal government regarding an application for benefits.
- An appeal or other action requested by DHHS regarding an application for benefits.

If DHHS serves as the representative payee or otherwise receives benefits on the child's behalf, it must provide notice of both of the following to the child, through the child's guardian ad litem and the appropriate contact at the supervising child placement agency, before each permanency planning hearing regarding the child:

- The date and the amount of benefit funds received since any previous notification to the child's guardian ad litem.
- Information regarding all of the child's assets and resources, including, insurance, cash assets, trust accounts, earnings, and other resources.

All payments from benefits received under the bills are the property of the child in foster care. Upon termination of DHHS's responsibility for the child in foster care, DHHS must release any funds remaining to the child's credit under the requirements of the funding source or, in the absence of any requirements, as follows:

- To the child, if the child is at least 18 years of age or is emancipated.
- To the person responsible for the child in foster care if the child is under 18 years of age and is not emancipated.
- To the heirs of the child, if the child dies.

The bills do not affect any additional notice required by a state court.

MCL 722.968g (added)

FISCAL IMPACT:

House Bill 4750 and Senate Bill 18 would increase state expenditures to the Department of Health and Human Services by up to $3.5 million GF/GP and would have no significant fiscal impact on local units of government. Under the provisions of the bills, the department would not be able to use the entirety of revenue from a foster child's federal benefits on the cost of a child's care but instead would need to redirect a portion of these revenues to be saved, based on the age of the child, starting at age 14 and ending at age 17, and until the department no longer serves as the payee. The minimum percentage that the department is required to save for a youth in foster care ranges from 50%.

Additional increase in state expenditure would be dependent on the administrative cost of providing financial literacy supports that are not already being provided to youth transitioning out of foster care. For FY 2026-27, $7.7 million Gross ($4.0 million GF/GP) has been appropriated to support youth transitioning out of foster care.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.