

**SUBSTITUTE FOR
HOUSE BILL NO. 4750**

A bill to amend 1994 PA 203, entitled
"Foster care and adoption services act,"
(MCL 722.951 to 722.960) by adding section 8f.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **Sec. 8f. (1) This section applies to children in foster care.**

2 **(2) Within 60 days after a child enters foster care and**
3 **annually thereafter while a child in foster care is in foster care,**
4 **the department shall screen a child in foster care for potential**
5 **eligibility for benefits and apply for benefits for which a child**
6 **in foster care may be eligible and is not already receiving. When**
7 **applying for benefits under this section for a child in foster**
8 **care, the department shall, in cooperation with the child in foster**
9 **care's attorney, identify a representative payee or fiduciary in**

1 accordance with the requirements of 20 CFR 404.2021 and 416.621, as
2 applicable, and shall apply to become the representative payee only
3 if no other suitable candidate is available to be a representative
4 payee. If the department acts as the representative payee, the
5 department shall, on an annual basis, review if someone other than
6 the department is available to apply to assume the role of
7 representative payee and could better serve in that role in the
8 best interests of the child in foster care.

9 (3) Consistent with federal law, when the department serves as
10 the representative payee or in any other fiduciary capacity for a
11 child in foster care receiving benefits, the department shall do
12 all the following:

13 (a) Use or conserve the benefits of a child in foster care in
14 the best interests of the child in foster care, including using the
15 benefits for services for special needs not otherwise provided by
16 the department or conserving the benefits for the child in foster
17 care's reasonably foreseeable future needs. The department shall
18 not use any benefits of the child in foster care to reimburse this
19 state for the cost of care for the child in foster care.

20 (b) Ensure that when the child in foster care attains the age
21 of 14 years and until the department no longer serves as the
22 representative payee or fiduciary, a minimum percentage of the
23 benefits of the child in foster care is conserved in accordance
24 with subdivisions (c) and (d), as follows:

25 (i) From age 14 through age 15, at least 40%.

26 (ii) From age 16 through age 17, at least 80%.

27 (iii) From age 18 through age 20, 100%.

28 (c) For the benefits or resources of the child in foster care
29 that are below or not subject to any federal asset or resource

1 limit, exercise discretion in accordance with federal law and in
2 the best interests of the child in foster care to conserve the
3 funds or use the funds for services for special needs not otherwise
4 provided by the department, including choosing 1 or more of the
5 options listed under subdivision (d).

6 (d) Appropriately monitor any federal asset or resource limits
7 for the benefits and ensure that the best interests of the child in
8 foster care are served by using or conserving the benefits in a way
9 that avoids violating any federal asset or resource limits that
10 would affect the eligibility of the child in foster care to receive
11 the benefits, including all the following:

12 (i) Applying to the Social Security Administration to establish
13 a plan for achieving self-support (PASS) account for the child in
14 foster care under the social security act, 42 USC 301 to 1397mm,
15 and determining whether it is in the best interests of the child in
16 foster care to conserve all or part of the benefits in the PASS
17 account.

18 (ii) Establishing a plan under section 529A of the internal
19 revenue code of 1986, 26 USC 529A, for the child in foster care and
20 conserving the benefits of the child in foster care in that account
21 in a manner that appropriately avoids any federal asset or resource
22 limits.

23 (iii) Establishing an individual development account for the
24 child in foster care and conserving the benefits of the child in
25 foster care in that account in a manner that appropriately avoids
26 any federal asset or resource limits.

27 (iv) Establishing a special needs trust for the child in foster
28 care and conserving the benefits of the child in foster care in the
29 trust in a manner that is consistent with federal requirements for

1 special needs trusts and that appropriately avoids any federal
2 asset or resource limits.

3 (v) If the department determines that using the benefits for
4 services for current special needs not already provided by the
5 department is in the best interests of the child in foster care,
6 using the benefits for those services.

7 (vi) If federal law requires certain back payments of benefits
8 to be placed in a dedicated account, complying with the
9 requirements for dedicated accounts under 20 CFR 416.640(e).

10 (vii) Applying any other exclusions from federal asset or
11 resource limits available under federal law and using or conserving
12 the benefits of the child in foster care in a manner that
13 appropriately avoids any federal asset or resource limits.

14 (e) Provide an annual accounting to the child in foster care,
15 the appropriate contact at the supervising child placement agency,
16 and the attorney of the child in foster care of how the resources
17 of the child in foster care, including benefits, have been used or
18 conserved in accordance with this section.

19 (f) Provide the child in foster care with financial literacy
20 training when the child in foster care has attained the age of 14
21 years. The financial literacy training required under this
22 subdivision must include all of the following:

23 (i) A definition of personal finance and consideration of how
24 personal finance concepts fit into key life events or stages and an
25 explanation of the importance of personal financial planning using
26 information sources, including, but not limited to, instructional
27 materials, news articles, blogs from reputable sources, personal
28 narratives, and industry publications.

29 (ii) The writing of short-term, mid-term, and long-term

1 personal financial goals. The personal financial goals must define
2 the child in foster care's desired education, career, and earning
3 milestones, and saving and spending plans, and must involve the
4 child in foster care evaluating factors that may influence the
5 child in foster care's personal financial goals, including, but not
6 limited to, family responsibilities, individual values, financial
7 factors, and economic conditions. As used in this subparagraph:

8 (A) "Long-term" means greater than 5 years from the time of
9 writing.

10 (B) "Mid-term" means 1 to 5 years from the time of writing.

11 (C) "Short-term" means less than 1 year from the time of
12 writing.

13 (iii) The completion of 1 or more career aptitude surveys and an
14 analysis of the career aptitude survey results and how the survey
15 results align with the child in foster care's strengths and
16 interests. The analysis must evaluate education and training path
17 options to prepare the child in foster care for the identified jobs
18 or careers of interest.

19 (iv) The creation of an annotated chart, table, or graphic
20 based on the career of interest identified in subparagraph (iii) that
21 evaluates all of the following:

22 (A) Education and training, including, but not limited to,
23 admission requirements and tuition requirements.

24 (B) Available positions.

25 (C) Salaries.

26 (D) Costs and benefits of education and training.

27 (E) Potential lifetime earnings.

28 (F) Employer benefits.

29 (G) Possible need for relocation to advance.

1 (v) An exploration and evaluation of the options for financing
2 postsecondary education, including, but not limited to, an
3 evaluation of the Free Application for Federal Student Aid (FAFSA)
4 requirements to apply for postsecondary financial aid, and
5 identification of strategies for reducing the overall cost of
6 postsecondary education. The evaluation described under this
7 subparagraph must also discuss the impact of scholarships, grants,
8 work study, and other forms of assistance and the application
9 processes for each.

10 (vi) An explanation of the impact that borrowing money to
11 finance postsecondary education could have on future financial
12 stability and security. The explanation described under this
13 subparagraph must include an assessment of research from multiple
14 viewpoints that either supports or questions the use of student
15 loan debt in paying for postsecondary education.

16 (vii) A requirement that the child in foster care craft an
17 argumentative essay, citing specific textual evidence, that either
18 supports or opposes the use of student loan debt to finance
19 postsecondary education and develops both sides of the argument.

20 (viii) A description of factors that affect take-home pay,
21 including, but not limited to, insurance benefits, retirement
22 options, tax withholdings, and other payroll deductions. As part of
23 the instruction on factors that affect take-home pay, the child in
24 foster care must analyze how to complete a 1040 and a W-4
25 employee's withholding allowance paperwork and review a W-2 wage
26 and tax statement.

27 (ix) Instruction on the use of money management tools,
28 including, but not limited to, online and paper budgeting tools and
29 cost-of-living calculators. As part of the instruction on the use

1 of money management tools, the child in foster care must create a
2 personal balance sheet, determine assets and liabilities, and
3 calculate net worth for an identified career.

4 (x) The creation, using research from local sources including,
5 but not limited to, newspapers, chambers of commerce, local
6 governments, and company websites, of a monthly personal budget
7 that reflects hypothetical household living expenses, taxes,
8 potential savings, and an emergency fund.

9 (xi) The creation, using research from local sources including,
10 but not limited to, newspapers, chambers of commerce, local
11 governments, and company websites, of a monthly personal budget
12 that reflects hypothetical household living expenses, taxes,
13 potential savings, and an emergency fund.

14 (xii) Development, by the child in foster care, of a savings
15 and spending plan for a week. The child in foster care must compare
16 the plan to the child in foster care's actual spending for the
17 week.

18 (xiii) Instruction on the availability and reliability of
19 consumer protection laws, agencies, and resources that assist
20 consumers in making buying decisions, including national, state,
21 and local resources, as appropriate.

22 (xiv) Information on a variety of financial institutions,
23 including digital financial services and how to reconcile an
24 account, write a check, and verify account accuracy. As part of the
25 instruction on financial institutions, the child in foster care
26 must compare and contrast services and products, including, but not
27 limited to, checking accounts, savings accounts, and certificates
28 of deposit.

29 (xv) An evaluation of the various sources and types of consumer

1 credit, including, but not limited to, student loans, auto loans,
2 store credit cards, flex loans, consumer installment loans, title
3 loans, payday loans, and instruction on the impact that taking on
4 debt early in life will have on financial stability later in life.

5 (xvi) An overview of credit reporting agencies, including, but
6 not limited to, Equifax, Experion, TransAmerica, and federal
7 organizations, that describes credit reports and credit scores. The
8 overview provided under this subparagraph must do all of the
9 following:

10 (A) Describe the relationship between consumers, credit
11 reports, and credit scores and discuss the importance of this
12 relationship using specific textual evidence from research.

13 (B) Analyze a sample credit report and interpret how the
14 contents may affect the credit score.

15 (C) Explain how a credit score may impact borrowing
16 opportunities and the cost of credit.

17 (D) Summarize specific activities used to maintain a good
18 credit score.

19 (xvii) A comparison and contrast of the various types of credit
20 and a calculation of the real cost of borrowing and an explanation
21 of factors that can affect the approval process associated with
22 each type of credit and identification of the typical information
23 and procedures required as part of the credit application process.

24 (xviii) An analysis of factors associated with the purchase of
25 an automobile. This analysis must include:

26 (A) A definition and understanding of factors most often
27 included in negotiations, such as cash payment compared to
28 financing and the inclusion of a trade-in.

29 (B) An evaluation of costs and benefits of different service

1 contracts and warranty options.

2 (C) A comparison and contrast of available financing options
3 based on consumer characteristics and the amount of the down
4 payment.

5 (D) A discussion of the differences between owning and leasing
6 a car, including, but not limited to, down payment, terms, and
7 contracts.

8 (xix) An analysis of the benefits and costs associated with
9 various types of insurance, including, but not limited to, health,
10 life, property, and automobile insurance, and a description of the
11 risks associated with a lack of appropriate coverage in specific
12 situations. This analysis must also discuss the role of insurance
13 in personal financial planning to preserve and build wealth with
14 financial stability and security.

15 (xx) An assessment of various types of identity theft
16 situations and scams, and strategies and plans to safeguard and
17 protect against identity theft, and a discussion of steps that
18 should be taken by a victim of identity theft to report the
19 incident and reestablish the victim's identity.

20 (xxi) An explanation of how saving and investing contribute to
21 financial well-being, building wealth, and helping meet personal
22 financial goals. The instruction on saving and investing must
23 compare and contrast saving and investment strategies, including,
24 but not limited to, savings accounts, certificates of deposit,
25 stocks, bonds, mutual funds, employer-sponsored savings plans,
26 physical assets, and commodities.

27 (4) The department shall immediately notify the child in
28 foster care through the attorney of the child in foster care and
29 the appropriate contact at the supervising child placement agency

1 of any of the following:

2 (a) An application for benefits made on behalf of the child in
3 foster care or any application to become representative payee for
4 those benefits on behalf of the child in foster care.

5 (b) A decision or communication from this state or the federal
6 government regarding an application for benefits.

7 (c) An appeal or other action requested by the department
8 regarding an application for benefits.

9 (5) If the department serves as the representative payee or
10 otherwise receives benefits on behalf of the child in foster care,
11 the department must provide notice to the child in foster care
12 through the attorney of the child in foster care and the
13 appropriate contact at the supervising child placement agency of
14 both the following before each juvenile court hearing regarding the
15 child in foster care:

16 (a) The date and the amount of benefit funds received on
17 behalf of the child in foster care since any previous notification
18 to the child in foster care's attorney.

19 (b) Information regarding all of the child in foster care's
20 assets and resources, including the child in foster care's
21 benefits, insurance, cash assets, trust accounts, earnings, and
22 other resources.

23 (6) All payments from benefits received under this section are
24 the property of the child in foster care. Notwithstanding any
25 provision of law to the contrary, on termination of the
26 department's responsibility for the child in foster care under this
27 section, the department shall release any funds remaining to the
28 child's credit under the requirements of the funding source or, in
29 the absence of any requirements, release the remaining funds as

1 follows:

2 (a) To the child, if the child is at least 18 years of age or
3 is emancipated.

4 (b) To the person responsible for the child in foster care if
5 the child is under 18 years of age and is not emancipated.

6 (7) This section does not affect any additional notice
7 required by a court of this state.

8 (8) As used in this section, "benefits" means all of the
9 following:

10 (a) Federal Supplemental Security Income.

11 (b) Social Security benefits.

12 (c) United States Department of Veterans Affairs benefits.

13 (d) Other applicable benefits for which the child in foster
14 care is eligible.