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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 54

01/04/2023

Authored by Quam

The bill was read for the first time and referred to the Committee on Children and Families Finance and Policy

1.1 A bill for an act
1.2 relating to human services; establishing a trust for foster children receiving
1.3 Supplemental Security Income benefits; requiring a report; appropriating money;
1.4 amending Minnesota Statutes 2022, section 256N.26, subdivision 12; proposing
1.5 coding for new law in Minnesota Statutes, chapter 256N.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2022, section 256N.26, subdivision 12, is amended to read:

1.8 Subd. 12. Treatment of Supplemental Security Income. If a child placed in foster
1.9 care receives benefits through Supplemental Security Income (SSI) at the time of foster
1.10 care placement or subsequent to placement in foster care, the financially responsible agency
1.11 may apply to be the payee for the child for the duration of the child's placement in foster
1.12 care. If a child continues to be eligible for SSI Supplemental Security Income (SSI) benefits
1.13 after finalization of the adoption or transfer of permanent legal and physical custody and is
1.14 determined to be eligible for a payment under Northstar Care for Children, a permanent
1.15 caregiver may choose to receive payment from both programs simultaneously. The permanent
1.16 caregiver is responsible to report the amount of the payment to the Social Security
1.17 Administration and the SSI payment will be reduced as required by the Social Security
1.18 Administration.

1.19 Sec. 2. [256N.262] FOSTER CHILDREN ASSISTANCE TRUST.

1.20 Subdivision 1. Definitions. (a) For the purposes of this section, "beneficiary" means a
1.21 current or former child in foster care for whom a financially responsible agency sends federal
1.22 cash assistance benefits to the commissioner of human services pursuant to this section.

2.1 Subd. 2. **Establishment.** (a) The foster children assistance trust is established. The trust
2.2 consists of deposits made by the commissioner of human services pursuant to this section.
2.3 The trust must be managed to ensure the stability and growth of the trust.

2.4 (b) All assets of the trust are held in trust for the exclusive benefit of beneficiaries. Assets
2.5 must be held in a separate account in the state treasury to be known as the foster children
2.6 assistance trust account or in accounts with the third-party provider selected pursuant to
2.7 subdivision 9. Trust assets are not subject to claims by creditors of the state, are not part of
2.8 the general fund, and are not subject to appropriation by the state.

2.9 Subd. 3. **Requirements of financially responsible agencies.** (a) A financially responsible
2.10 agency must assess whether each child the agency is responsible for is eligible to receive
2.11 benefits through SSI.

2.12 (b) If a child placed in foster care is eligible to receive federal cash assistance benefits,
2.13 the financially responsible agency must:

2.14 (1) apply to be the payee for the child for the duration of the child's placement in foster
2.15 care;

2.16 (2) within 90 days of receipt, remit all benefit payments received as payee for a foster
2.17 child's federal cash assistance benefits to the commissioner of human services along with
2.18 documentation identifying the child and amounts received for the child;

2.19 (3) notify each beneficiary above the age of 18 that the beneficiary may be entitled to
2.20 disbursements pursuant to the foster children assistance trust and inform the child how to
2.21 contact the commissioner of human services about the trust; and

2.22 (4) retain all documentation related to federal cash assistance benefits received for a
2.23 beneficiary for at least five years after the agency is no longer the beneficiary's financially
2.24 responsible agency.

2.25 (c) The financially responsible agency is liable to a beneficiary for any benefit payment
2.26 that the agency receives as payee for a beneficiary and that is not sent to the commissioner
2.27 of human services as required by this section.

2.28 Subd. 4. **Deposits.** The commissioner of human services shall deposit all money sent
2.29 pursuant to this section in the foster children assistance trust.

2.30 Subd. 5. **Commissioner's duties.** (a) The commissioner of human services shall keep
2.31 a record of the receipts and disbursements of the trust and a separate account for each
2.32 beneficiary.

3.1 (b) The commissioner shall determine annually the annual interest earnings of the trust,
3.2 which include realized capital gains and losses.

3.3 (c) The commissioner shall apportion any annual capital gains earnings to the separate
3.4 beneficiaries' accounts. The rate to be used in this apportionment, computed to the last full
3.5 quarter percent, must be determined by dividing the capital gains earnings by the total
3.6 invested assets of the trust.

3.7 (d) For each beneficiary between the ages of 14 and 18, the commissioner must, by
3.8 February 1 each year, notify the beneficiary of the amount of federal cash assistance benefits
3.9 received on the beneficiary's behalf in the prior calendar year and the tax implications of
3.10 those benefits.

3.11 (e) Account owner data, account data, and data on beneficiaries of accounts are private
3.12 data on individuals or nonpublic data as defined in section 13.02.

3.13 Subd. 6. **Reimbursement.** The commissioner of human services shall reimburse a
3.14 financially responsible agency for all benefits sent to the commissioner pursuant to this
3.15 section.

3.16 Subd. 7. **Reports.** (a) By December 1, 2024, the commissioner shall submit a report to
3.17 the legislative committees with jurisdiction over human services on the potential tax and
3.18 state and federal benefit impacts of the trust and disbursements on beneficiaries and include
3.19 recommendations on how best to minimize any increased tax burden or benefit reduction
3.20 due to the trust.

3.21 (b) By December 1 of each year, the commissioner shall submit a report to the legislative
3.22 committees with jurisdiction over human services on the cost of reimbursing financially
3.23 responsible agencies pursuant to this section and a projection for future costs.

3.24 Subd. 8. **Disbursements.** (a) Once a beneficiary has reached 18 years of age, the
3.25 commissioner of human services shall disburse \$10,000 every year to the beneficiary until
3.26 the beneficiary's account is depleted.

3.27 (b) With each disbursement, the commissioner shall include information about the
3.28 potential tax and benefits consequences of the disbursement.

3.29 (c) On petition of a minor beneficiary who is at least 14 years old, a court may order the
3.30 commissioner to deliver or pay to the beneficiary or expend for the beneficiary's benefit the
3.31 amount of the beneficiary's trust account as the court considers advisable for the use and
3.32 benefit of the beneficiary.

4.1 Subd. 9. **Administration.** The commissioner shall administer the program pursuant to
4.2 this section. The commissioner may contract with one or more third parties to carry out
4.3 some or all of these administrative duties, including managing the assets of the trust and
4.4 ensuring that records are maintained.

4.5 Sec. 3. **APPROPRIATION.**

4.6 \$..... in fiscal year 2024 and \$..... in fiscal year 2025 are appropriated from the general
4.7 fund to the commissioner of human services to reimburse financially responsible agencies
4.8 for federal cash assistance benefits sent to the commissioner pursuant to section 2.