OFFICE OF MANAGEMENT & BUDGET

DEPARTMENT OF ADMINISTRATION

State Budget Office

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State Fiscal Note for Bill Number: **2025-H 5077**

Date of State Budget Office Approval: Monday, April 7, 2025
Date Requested: Monday, February 10, 2025
Date Due: Thursday, February 20, 2025

Impact on Expenditures		Impact on Revenues	
FY 2025	N/A	FY 2025	N/A
FY 2026	$1,168,433 to $1,321,361	FY 2026	N/A
FY 2027	$1,182,196 to $1,339,713	FY 2027	N/A

Explanation by State Budget Office:
This act adds R.I.G.L. Section § 42-72-37, entitled "Application for social security benefits, supplemental security income, and veterans benefits," which requires the Department of Children, Youth, and Families (DCYF) to establish segregated savings accounts for a foster child receiving social security benefits (SSA), supplemental security income (SSI), veterans' benefits or railroad retirement benefits. Those payments would be exempt from asset limits in order to manage the accounts and keep the child eligible for future benefits.

Summary of Facts and Assumptions:
The bill will take effect upon passage. The Budget Office assumes that the impact of this bill will take effect in FY 2026 on July 1, 2025.

The bill requires the Department of Children, Youth, and Families (DCYF) to assess if each youth in care is eligible for benefits upon receiving temporary custody or guardianship. If DCYF finds that the youth may be eligible for benefits, the Department shall ensure that an application is filed on behalf of the youth. When applying for benefits for a youth in care the DCYF shall identify a "representative payee". A representative payee is an individual or organization appointed by the Social Security Administration, Department of Veterans' Affairs, or the Railroad Retirement Board to receive and manage benefits on behalf of someone who is unable to do so themselves, including minors or those with disabilities. If the Department is seeking to be appointed as the youth's representative payee, the Department shall consider input from the youth's attorney and guardian ad litem.

Beginning January 1, 2026, for supplemental security income benefits and beginning July 1, 2026, for social security benefits, veterans' benefits, or railroad retirement benefits, DCYF is required to ensure that when a youth attains the age of fourteen (14) years and until the Department no longer serves as the representative payee, a minimum percentage of the youth's benefits are conserved as follows:

- From the age of fourteen (14) through the age of fifteen (15), at least forty percent (40%);
- From the age of sixteen (16) through the age of seventeen (17), at least eighty percent (80%); and

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- From the age of eighteen (18) through the age of twenty (20), one hundred percent (100%), when a court order has been entered expressly allowing the Department to have the authority to establish and serve as an authorized agent of the youth over the age of eighteen (18).

By January 1, 2027, the Department shall provide a report to the General Assembly regarding youth in care who receive benefits besides the four named benefit categories subject to this section. The report shall discuss a goal of expanding the conservation of children's benefits to all benefits of children of any age for whom the Department serves as representative payee. The report shall include a description of any identified obstacles, steps to be taken to address the obstacles, and a description of any need for statutory, rule, regulation, or procedural changes.

The Department shall provide an annual accounting to the youth's attorney and guardian ad litem on how the youth's benefits have been used and conserved. In addition, within ten (10) business days of a request from a youth in care or the youth's attorney and guardian ad litem, the Department shall provide accounting information to the youth on how their benefits have been used and conserved.

When the Department's guardianship of the youth is being terminated, DCYF shall provide a final accounting to the Social Security Administration, the youth's attorney and guardian ad litem, and the person or persons who will assume guardianship of the youth or who is in the process of adopting the youth, or to the youth, if the youth is over eighteen (18). Additionally, DCYF shall provide information to the parent, guardian, or youth regarding how to become the representative payee. The Department shall adopt rules and regulations to ensure that the representative payee transitions occur in a timely and appropriate manner.

The Department shall provide the youth with financial literacy training and support, including specific information regarding the existence, availability, and use of funds conserved for the youth in accordance with this subsection, beginning by age fourteen (14). The literacy program and support services shall be developed in consultation with input from the Department's statewide "SPEAK" advisory board.

No later than January 1, 2028, the Department shall file a report with the General Assembly providing the following information for the state fiscal years 2026 and 2027 and annually beginning January 1, 2029, for the preceding fiscal year:

- The number of youth entering care.

- The number of youth entering care receiving each of the following types of benefits: social security benefits, supplemental security income, veterans' benefits, and/or railroad retirement benefits.

- The number of youth entering care for whom the Department applied for each of the following types of benefits: social security benefits, supplemental security income, veterans' benefits, and/or railroad retirement benefits.

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- The number of youth entering care who were awarded each of the following types of benefits based on an application filed by the Department: social security benefits, supplemental security income, veterans' benefits, and/or railroad retirement benefits.

Annually beginning January 1, 2028, the Department shall file a report with the General Assembly with the following information regarding the preceding fiscal year:

- The number of conserved accounts established and maintained for youth in care;
- The average amount conserved by age group; and
- The total amount conserved by age group.

The Department notes that for youths in its custody who are eligible for benefits, such as social security benefits (SSA) or supplemental security income benefits (SSI), DCYF currently receives federal benefits for those youths and puts those funds towards the cost of the youth's care. For example, if a youth is in a group home, DCYF may use their SSI funds to pay for a portion of the group home's costs. The Budget Office assumes if a percentage of those funds are to be conserved in a savings account per requirements of the bill, DCYF would require additional state general revenue resources to continue funding the care otherwise funded by SSI or the other named benefits.

The Budget Office consulted with DCYF on the current caseload of 14–20-year-olds for whom the Department receives federal benefits and their respective annual benefit amounts. DCYF reports 129 youths in care between the ages of 14-20 receive SSI and/or SSA benefits. There are 30 fourteen- to fifteen-year-olds, 47 sixteen- to seventeen-year-olds, and 52 eighteen- to twenty-year-olds. Applying applicable minimum percentage savings to each age category, approximately $709,647 would be conserved in savings accounts. Information is not readily available on veterans' benefits or railroad retirement benefits eligibility for youths in the state at this time. For the purposes of this fiscal note, it is assumed that DCYF currently puts the entirety of federal benefits received towards the care of the applicable youth. The Budget Office estimates that benefit amounts will remain level between FY 2026 and FY 2027.

The Department reports that they will require additional resources to fulfill various requirements of the bill including the reporting, tracking, and accounting for individual bank accounts, including the notifications to family, attorneys, and guardians ad litem. DCYF estimates that the agency will need two (2.0) additional financial FTE positions to fulfill the labor-intensive requirements of this bill including reporting, tracking, and accounting for individual bank accounts, as well as notifications to families, attorneys, and guardians ad litem. An estimated one to two (1.0-2.0) FTE positions are necessary to expand financial literacy training to fourteen- and fifteen-year-olds. The current program currently serves youths aged sixteen and older.

For this fiscal note, the Budget Office assumes the positions will be in the DCYF's Office of Budget sub-program, housed within its Central Management program. The average salary in this division in FY 2025 is approximately $89,119. Estimating a rate of 65% for benefits (which includes both fixed and

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variable benefits), the total cost per FTE position is approximately $147,047. For a range of 3.0-4.0 FTE positions, the total personnel cost in FY 2026 would be approximately $458,786 to $611,714. The FY 2026 values also include the planned 4% cost-of-living adjustment (COLA) relative to the FY 2025 personnel costs. The total personnel cost in FY 2027 for 3.0-4.0 FTE positions would be approximately $472,549 to $630,066, which includes the planned 3% COLA relative to the FY 2026 personnel costs.

Approximately 42.5% of DCYF's Office of Budget personnel costs are financed through federal funds, while the remaining 57.5% is funded by general revenue. The Budget Office assumes the new FTE positions would maintain the same funding allocation. This would result in approximately $263,892 to $351,857 in additional general revenue expenditures and $194,893 to $259,858 in federal fund expenditures in FY 2026. In FY 2027, this would result in approximately $271,809 to $362,412 in additional general revenue expenditures and $200,740 to $267,653 in federal fund expenditures. As previously detailed, an estimate of an additional $709,647 in operating support is needed for FY 2026 and FY 2027 to supplement conserved federal benefits previously used towards care of youth in custody. The total combined cost of operational and personnel spending across funding sources would be approximately $1,168,433 to $1,321,361 in FY 2026 and $1,182,196 to $1,339,713 in FY 2027.

Approximately two dozen states, including Massachusetts and Connecticut, have made similar revisions to the practice of applying for social security, supplemental security income, or other types of federal benefits on behalf of foster children and then using that money to help cover the costs of foster care services, which include directing those funds to savings accounts or trusts for future expenses, including education and housing. As of January 1, 2023, Connecticut law prohibits the Department of Children and Families (DCF) from using Social Security disability benefits received by a youth in DCF care and custody to offset the cost of care. In 2024, Massachusetts phased out the practice of diverting federal disability and survivor benefits for foster children to the general fund; however, this was a change in policy, not law.

Comments on Sources of Funds:

Savings accounts would be funded through social security benefits, supplemental security income, veterans' benefits, or railroad retirement benefits, which are all federally funded. The Budget Office assumes personnel costs resulting from this bill will be financed proportionate to DCYF's Office of Budget. Any other expenditures associated with this bill are expected to be financed with general revenue.

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Summary of Fiscal Impact:

FY 2025: No fiscal impact.

FY 2026: $1,168,433 to $1,321,361 in total expenditures, resultant of $973,539 to $1,061,504 in general revenue and $194,893 to $259,858 in federal funds.

FY 2027: $1,182,196 to $1,339,713 in total expenditures, resultant of $981,456 to $1,072,059 in general revenue and $200,740 to $267,653 in federal funds.

Budget Office Signature: Digitally signed by Joseph Codega Jr. Date: 2025.04.08 16:36:03 -04'00'

Fiscal Advisor Signature: