

1.1 Senator moves to amend S.F. No. 4635 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. Minnesota Statutes 2024, section 142A.609, subdivision 11, is amended to
1.4 read:

1.5 Subd. 11. **Treatment of Supplemental Security Income.** (a) If a child placed in foster
1.6 care receives benefits through Supplemental Security Income (SSI) at the time of foster
1.7 care placement or subsequent to placement in foster care, the financially responsible agency
1.8 may apply to be the payee for the child pursuant to section 142A.6091, subdivision 3, for
1.9 the duration of the child's placement in foster care. A financially responsible agency may
1.10 only apply to be the payee for a child under this subdivision if the agency documents that
1.11 the agency acting as the payee is in the child's best interest and is necessary to safeguard
1.12 any cash benefits the child may be entitled to under section 142A.6091. If a child continues
1.13 to be eligible for SSI after finalization of the adoption or transfer of permanent legal and
1.14 physical custody and is determined to be eligible for a payment under Northstar Care for
1.15 Children, a permanent caregiver may choose to receive payment from both programs
1.16 simultaneously. The permanent caregiver is responsible to report the amount of the payment
1.17 to the Social Security Administration and the SSI payment will be reduced as required by
1.18 the Social Security Administration.

1.19 (b) If a financially responsible agency applies to be the payee for a child who receives
1.20 benefits through SSI, or receives the benefits under this subdivision on behalf of a child,
1.21 the financially responsible agency must provide written notice. The notice must state that
1.22 the financially responsible agency applied to be the payee for the child and must include
1.23 information about the foster care benefits trust under section 142A.6091. The notice must
1.24 be sent by certified mail, return receipt requested to:

1.25 (1) the child, if the child is 13 years of age or older;

1.26 (2) the child's parent, guardian, or custodian or if there is no legal parent or custodian
1.27 the child's relative selected by the agency;

1.28 (3) the guardian ad litem;

1.29 (4) the legally responsible agency; and

1.30 (5) the counsel appointed for the child pursuant to section 260C.163, subdivision 3.

1.31 (c) If a financially responsible agency receives benefits under this subdivision on behalf
1.32 of a child 13 years of age or older, the legally responsible agency and the guardian ad litem

2.1 must disclose this information to the child in person in a manner that best helps the child
 2.2 understand the information. ~~This paragraph does not apply in circumstances where the child~~
 2.3 ~~is living outside of Minnesota~~ For a child placed outside of Minnesota, the legally responsible
 2.4 agency must disclose the information required under paragraph (b) during an in-person visit
 2.5 with the child. If an in-person visit is not practicable, the legally responsible agency must
 2.6 use reasonable efforts to disclose the information by video conference or other interactive
 2.7 technology and must document that the child received the information. The guardian ad
 2.8 litem may participate in the in-person or video conference meeting between the legally
 2.9 responsible agency and the child consistent with the visit requirements for guardian ad
 2.10 litem under other laws.

2.11 ~~(d) If a financially responsible agency receives the benefits under this subdivision on~~
 2.12 ~~behalf of a child, it cannot use those funds for any other purpose than the care of that child.~~
 2.13 ~~The financially responsible agency must not commingle any benefits received under this~~
 2.14 ~~subdivision and must not put the benefits received on behalf of a child under this subdivision~~
 2.15 ~~into a general fund.~~

2.16 ~~(e) If a financially responsible agency receives any benefits under this subdivision, it~~
 2.17 ~~must keep a record of:~~

2.18 ~~(1) the total dollar amount it received on behalf of all children it receives benefits for;~~

2.19 ~~(2) the total number of children it applied to be a payee for; and~~

2.20 ~~(3) the total number of children it received benefits for.~~

2.21 ~~(f) By July 1, 2025, and each July 1 thereafter, each financially responsible agency must~~
 2.22 ~~submit a report to the commissioner of children, youth, and families that includes the~~
 2.23 ~~information required under paragraph (e). By September 1 of each year, the commissioner~~
 2.24 ~~must submit a report to the chairs and ranking minority members of the legislative committees~~
 2.25 ~~with jurisdiction over child protection that compiles the information provided to the~~
 2.26 ~~commissioner by each financially responsible agency under paragraph (e); subdivision 12,~~
 2.27 ~~paragraph (e); and section 260C.331, subdivision 7, paragraph (d). This paragraph expires~~
 2.28 ~~January 31, 2034.~~

2.29 Sec. 2. Minnesota Statutes 2024, section 142A.609, subdivision 12, is amended to read:

2.30 **Subd. 12. Treatment of Retirement, Survivors, and Disability Insurance; veteran's**
 2.31 **benefits; railroad retirement benefits; and black lung benefits.** (a) If a child placed in
 2.32 foster care receives Retirement, Survivors, and Disability Insurance; veteran's benefits;
 2.33 railroad retirement benefits; or black lung benefits at the time of foster care placement or

3.1 subsequent to placement in foster care, the financially responsible agency may apply to be
3.2 the payee for the child pursuant to section 142A.6091, subdivision 3, for the duration of the
3.3 child's placement in foster care. A financially responsible agency may only apply to be the
3.4 payee for a child under this subdivision if the agency documents that the agency acting as
3.5 the payee is in the child's best interest and is necessary to safeguard any cash benefits the
3.6 child may be entitled to under section 142A.6091. If it is anticipated that a child will be
3.7 eligible to receive Retirement, Survivors, and Disability Insurance; veteran's benefits;
3.8 railroad retirement benefits; or black lung benefits after finalization of the adoption or
3.9 assignment of permanent legal and physical custody, the permanent caregiver shall apply
3.10 to be the payee of those benefits on the child's behalf.

3.11 (b) If ~~the~~ a financially responsible agency applies to be the payee for a child who receives
3.12 Retirement, Survivors, and Disability Insurance; veteran's benefits; railroad retirement
3.13 benefits; or black lung benefits, or receives the benefits under this subdivision on behalf of
3.14 a child, the financially responsible agency must provide written notice. The notice must
3.15 state that the financially responsible agency applied to be the payee for the child and must
3.16 include information about the foster care benefits trust under section 142A.6091. The notice
3.17 must be sent by certified mail, return receipt requested to:

3.18 (1) the child, if the child is 13 years of age or older;

3.19 (2) the child's parent, guardian, or custodian or if there is no legal parent or custodian
3.20 the child's relative selected by the agency;

3.21 (3) the guardian ad litem;

3.22 (4) the legally responsible agency; and

3.23 (5) the counsel appointed for the child pursuant to section 260C.163, subdivision 3.

3.24 (c) If a financially responsible agency receives benefits under this subdivision on behalf
3.25 of a child 13 years of age or older, the legally responsible agency and the guardian ad litem
3.26 must disclose this information to the child in person in a manner that best helps the child
3.27 understand the information. ~~This paragraph does not apply in circumstances where the child~~
3.28 ~~is living outside of Minnesota~~ For a child placed outside of Minnesota, the legally responsible
3.29 agency must disclose the information required under paragraph (b) during an in-person visit
3.30 with the child. If an in-person visit is not practicable, the legally responsible agency must
3.31 use reasonable efforts to disclose the information by video conference or other interactive
3.32 technology and must document that the child received the information. The guardian ad
3.33 litem may participate in the in-person or video conference meeting between the legally

4.1 responsible agency and the child consistent with the visit requirements for guardian ad
4.2 litems under other laws.

4.3 ~~(d) If a financially responsible agency receives the benefits under this subdivision on~~
4.4 ~~behalf of a child, it cannot use those funds for any other purpose than the care of that child.~~
4.5 ~~The financially responsible agency must not commingle any benefits received under this~~
4.6 ~~subdivision and must not put the benefits received on behalf of a child under this subdivision~~
4.7 ~~into a general fund.~~

4.8 ~~(e) If a financially responsible agency receives any benefits under this subdivision, it~~
4.9 ~~must keep a record of:~~

4.10 ~~(1) the total dollar amount it received on behalf of all children it receives benefits for;~~

4.11 ~~(2) the total number of children it applied to be a payee for; and~~

4.12 ~~(3) the total number of children it received benefits for.~~

4.13 ~~(f) By July 1, 2025, and each July 1 thereafter, each financially responsible agency must~~
4.14 ~~submit a report to the commissioner of children, youth, and families that includes the~~
4.15 ~~information required under paragraph (e).~~

4.16 Sec. 3. [142A.6091] FOSTER CARE BENEFITS TRUST.

4.17 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
4.18 the meanings given.

4.19 (b) "Beneficiary" means a current or former child in foster care who is or was entitled
4.20 to cash benefits.

4.21 (c) "Cash benefits" means Supplemental Security Income; Retirement, Survivors, and
4.22 Disability Insurance; veterans benefits; railroad retirement benefits; and black lung benefits.

4.23 (d) "Commissioner" means the commissioner of children, youth, and families.

4.24 (e) "Financial institution" means the qualified third-party financial institution selected
4.25 according to subdivision 9.

4.26 (f) "Financially responsible agency" has the meaning given in section 142A.602,
4.27 subdivision 10. Financially responsible agency includes any Tribal social services agency
4.28 that elects to participate in the Foster Care Benefits Trust and comply with the requirements
4.29 under this section.

4.30 (g) "Ombudsperson" means the foster youth ombudsperson established in section
4.31 260C.80.

5.1 Subd. 2. **Establishment.** (a) The foster care benefits trust is established. The trust must
5.2 be funded by deposits made by financially responsible agencies to the financial institution
5.3 as provided in subdivision 3. The trust and related financial accounts must be managed to
5.4 ensure the stability and growth of the trust.

5.5 (b) All assets of the trust are held in trust for the exclusive benefit of beneficiaries by
5.6 the financial institution. Assets must be held by the financial institution. The financial
5.7 institution must maintain segregated accounts for each beneficiary in compliance with
5.8 federal fiduciary standards. The financial institution is responsible for asset protection,
5.9 investment management, and tax compliance.

5.10 Subd. 3. **Requirements of financially responsible agencies.** (a) As soon as the custody
5.11 of a child is transferred to a child-placing agency or responsible social services agency
5.12 pursuant to section 260C.201, subdivision 1, or as soon as the child becomes a ward of the
5.13 state, the agency that is financially responsible for the child must assess whether the child
5.14 is eligible to receive any cash benefits. The financially responsible agency must reassess
5.15 benefit eligibility for each child in its custody annually and whenever there is a material
5.16 change in a child's circumstances, including but not limited to changes in parental status,
5.17 the child's disability status, or the discovery of previously unknown benefit entitlements.

5.18 (b) Eligibility screening and related applications must be incorporated into existing
5.19 intake and case-planning processes and procedures, including when a beneficiary reenters
5.20 foster care, to the greatest extent practicable and must not create unnecessary barriers to
5.21 reunification with a parent or return to a legal custodian.

5.22 (c) The financially responsible agency must apply for all cash benefits the child is eligible
5.23 to receive. The financially responsible agency must apply for cash benefits in the following
5.24 order of priority:

5.25 (1) Supplemental Security Income;

5.26 (2) Retirement, Survivors, and Disability Insurance;

5.27 (3) veterans benefits;

5.28 (4) railroad retirement benefits;

5.29 (5) civil rights settlements and crime victim restitution; and

5.30 (6) any other federal, state, or municipal cash benefits.

5.31 (d) If a child placed in foster care is eligible to receive cash benefits, the financially
5.32 responsible agency must:

6.1 (1) apply to be the payee for the beneficiary for the duration of the beneficiary's placement
6.2 in foster care and document that acting as the payee is in the beneficiary's best interest and
6.3 is necessary to safeguard any cash benefits the beneficiary may be entitled to under this
6.4 section;

6.5 (2) deposit the cash benefits received on behalf of a beneficiary into the beneficiary's
6.6 individual account within the trust and, within 30 days of deposit, document compliance
6.7 with this subdivision by entering deposit information into the statewide child welfare
6.8 information system designated by the commissioner;

6.9 (3) no less frequently than annually, notify the commissioner of all cash benefits received
6.10 and deposited for each beneficiary along with documentation identifying the beneficiary
6.11 and amounts received for the beneficiary within 60 days of the end of the fiscal year;

6.12 (4) notify each beneficiary over 18 years of age that the beneficiary may be entitled to
6.13 disbursements pursuant to the foster children benefits trust and inform the beneficiary how
6.14 to contact the commissioner about the trust;

6.15 (5) retain all documentation related to cash benefits received for a beneficiary for at least
6.16 five years after the agency is no longer the beneficiary's financially responsible agency; and

6.17 (6) in the event of any denial of cash benefits, consult with the beneficiary, if applicable;
6.18 the beneficiary's guardian ad litem; and the counsel appointed for the beneficiary pursuant
6.19 to section 260C.163, subdivision 3, to discuss the beneficiary's options. The financially
6.20 responsible agency must appeal the denial of cash benefits if the appeal is in the beneficiary's
6.21 best interest.

6.22 (e) The financially responsible agency is liable to a beneficiary for any benefit payment
6.23 the agency receives as payee for the beneficiary that is not deposited into the trust and not
6.24 included in the documentation sent to the commissioner or entered into the statewide child
6.25 welfare information system designated by the commissioner as required by this subdivision.

6.26 (f) If a beneficiary reenters foster care after previously exiting foster care, the financially
6.27 responsible agency must, if practicable, resume the use of the beneficiary's trust account
6.28 and deposit any cash benefits received into the beneficiary's individual account within the
6.29 trust.

6.30 (g) If a beneficiary is no longer in foster care because of adoption or transfer of permanent
6.31 legal and physical custody, the financially responsible agency must stop acting as the
6.32 beneficiary's representative payee once a new payee is designated by the Social Security
6.33 Administration or other benefit administrator.

7.1 (h) For each beneficiary who exits foster care, the financially responsible agency must
7.2 provide exit documentation to the commissioner within 30 days of the beneficiary's exit.
7.3 The documentation must be generated, to the extent practicable, from the statewide child
7.4 welfare information system and must include:

7.5 (1) final cash benefit amounts;

7.6 (2) total cash benefit amounts received by the financially responsible agency on behalf
7.7 of the beneficiary as the beneficiary's representative payee;

7.8 (3) confirmation that all cash benefits received through the beneficiary's exit date were
7.9 deposited into the trust; and

7.10 (4) basic account information, including any needed account closure or transition
7.11 instructions for the trust.

7.12 Subd. 4. **Reimbursement of financially responsible agencies.** (a) The commissioner
7.13 must reimburse each financially responsible agency quarterly in an amount equal to the
7.14 cash benefits deposited into the trust by each financially responsible agency, except as
7.15 provided under paragraph (b). Reimbursement timelines must be aligned, to the extent
7.16 practicable, with county and Tribal fiscal year cycles.

7.17 (b) A financially responsible agency must not be reimbursed for any quarter in which
7.18 the financially responsible agency cannot produce documentation on the amounts received
7.19 on behalf of its beneficiaries or does not submit a complete request for reimbursement. A
7.20 financially responsible agency must not be reimbursed for any quarter in which the financially
7.21 responsible agency cannot produce documentation on the amounts received on behalf of
7.22 beneficiaries or does not submit a complete request for reimbursement.

7.23 (c) The commissioner must establish a standard reimbursement form and timeline for
7.24 submissions by financially responsible agencies to ensure that the reimbursement process
7.25 aligns with the administrative capacity and fiscal year cycles of financially responsible
7.26 agencies. In developing the standard reimbursement form and timeline under this paragraph,
7.27 the commissioner must consult with the Minnesota Association of County Social Service
7.28 Administrators, and any Tribal social services agency that elects to participate.

7.29 (d) Financially responsible agencies must submit the following information to the
7.30 commissioner when requesting reimbursement:

7.31 (1) complete documentation on the amount of cash benefits deposited by the financially
7.32 responsible agency into the trust for each beneficiary;

8.1 (2) documentation on the amount of cash benefits received by the financially responsible
8.2 agency for each beneficiary; and

8.3 (3) certification from the finance personnel of the financially responsible agency that
8.4 all information provided to the commissioner in the reimbursement request is correct.

8.5 Subd. 5. **Commissioner duties.** (a) The commissioner must verify that financially
8.6 responsible agencies are conducting required benefit eligibility screenings. The ombudsperson
8.7 may investigate complaints regarding a financially responsible agency's failure to assess or
8.8 apply for benefits. The commissioner must notify the ombudsperson of any repeated or
8.9 systemic failures by a financially responsible agency to conduct screenings or apply for
8.10 benefits as required under this section and must provide the ombudsperson with any necessary
8.11 documentation for the ombudsperson to investigate the failures.

8.12 (b) The commissioner must keep a record of the amounts deposited by each financially
8.13 responsible agency pursuant to subdivision 3 and all disbursements for each beneficiary's
8.14 account.

8.15 (c) The commissioner must provide financial literacy training and support to each
8.16 beneficiary in a developmentally appropriate manner beginning when the beneficiary reaches
8.17 14 years of age. Beneficiaries must receive specific information on the existence, availability,
8.18 and use of cash benefits held in trust for the beneficiary.

8.19 (d) The commissioner must establish procedures to maintain current contact information
8.20 for beneficiaries, including after a beneficiary exits foster care. These procedures must
8.21 include a process for updating addresses and contact information at least annually and when
8.22 the commissioner is notified of a contact information change by a beneficiary, financially
8.23 responsible agency, or another public agency.

8.24 Subd. 6. **Financial institution duties; account protections.** (a) The financial institution
8.25 must annually determine the annual interest earnings of the trust, including realized capital
8.26 gains and losses.

8.27 (b) The financial institution must apportion any annual capital gains earnings to the
8.28 separate beneficiary accounts. The rate to be used in this apportionment, calculated to the
8.29 last full quarter percent, must be determined by dividing the capital gains earnings by the
8.30 total invested assets of the trust.

8.31 (c) The financial institution must establish appropriate accounts to use and conserve
8.32 cash benefits for each beneficiary in each beneficiary's best interest for current unmet and

9.1 future needs. The financial institution must establish and maintain these accounts in a manner
9.2 consistent with federal and state asset and resource limits. The accounts may include:

9.3 (1) a special needs trust;

9.4 (2) a pooled special needs trust;

9.5 (3) an ABLÉ account under section 529A of the Internal Revenue Code; or

9.6 (4) any other financial account that does not interfere with Social Security or asset
9.7 limitations for any other benefit program.

9.8 (d) By February 1 each year, the financial institution must notify each beneficiary ages
9.9 13 through 18 of the tax implications of any cash benefits deposited into the trust on behalf
9.10 of the beneficiary in the prior calendar year.

9.11 (e) For each beneficiary ages 13 through 18, the financial institution must notify the
9.12 beneficiary of the amount of cash benefits received on the beneficiary's behalf in the prior
9.13 calendar year by February 1 each year.

9.14 (f) For each beneficiary ages 13 through 18, the financial institution must provide written
9.15 notice at least quarterly that cash benefits have been received on behalf of the beneficiary
9.16 and are held in trust. The notice must include contact information for the ombudsperson
9.17 and the financial institution.

9.18 (g) For a beneficiary who is eligible on the basis of disability for Supplemental Security
9.19 Income or medical assistance, the financial institution must prioritize the use of special
9.20 needs trusts, pooled special needs trusts, and ABLÉ accounts under section 529A of the
9.21 Internal Revenue Code to conserve cash benefits in a manner that does not cause the
9.22 beneficiary to exceed applicable federal resource limits.

9.23 (h) For a beneficiary who is not subject to the federal resource limits described under
9.24 paragraph (e), the financial institution must prioritize federally insured, low-risk deposit
9.25 accounts that preserve principal, including savings accounts and certificates of deposit
9.26 insured by the Federal Deposit Insurance Corporation or the National Credit Union
9.27 Administration, or comparable insurance where applicable.

9.28 (i) For a beneficiary who is eligible for an ABLÉ account under section 529A of the
9.29 Internal Revenue Code, the financial institution must prioritize the use of an ABLÉ account
9.30 to conserve the beneficiary's cash benefits.

10.1 (j) When establishing and maintaining accounts under this section, the financial institution
10.2 must coordinate with financially responsible agencies and beneficiaries and their legal
10.3 guardians to determine the most appropriate account type for that beneficiary.

10.4 (k) The financial institution must provide each beneficiary with written information
10.5 about available disbursement methods, including options such as checks, electronic funds
10.6 transfers, and prepaid debit cards. The information must be provided in plain language and
10.7 in a developmentally appropriate manner and must include how the beneficiary can change
10.8 the disbursement method. The financial institution must, in coordination with the beneficiary,
10.9 select a primary disbursement method that minimizes barriers to the beneficiary's access to
10.10 funds.

10.11 (l) Upon the verified death of a beneficiary, the financial institution must hold the
10.12 beneficiary's remaining account balance for distribution to the beneficiary's estate or lawful
10.13 heirs for at least ten years from the date of death. After ten years from the date of death,
10.14 any remaining funds must be treated in accordance with Minnesota unclaimed property
10.15 laws and may revert the remaining funds to the trust or to Minnesota's unclaimed property
10.16 division, as provided under chapter 345. If a beneficiary cannot be located for ten years
10.17 from the date the beneficiary exited foster care, the beneficiary's account must be treated
10.18 as unclaimed property under chapter 345. The commissioner must document that the
10.19 commissioner, at least annually, attempted to locate the beneficiary for ten years.

10.20 (m) Trust assets are not subject to claims by creditors of the state, are not part of the
10.21 general fund, and are not subject to appropriation by the state.

10.22 (n) Trust assets may not be used as collateral, as a part of a structured settlement, or in
10.23 any way contracted to be paid to anyone who is not the beneficiary.

10.24 (o) Trust assets are not subject to seizure or garnishment as assets or income of the
10.25 beneficiary.

10.26 (p) Account owner data, account data, and data on beneficiaries of accounts is private
10.27 data on individuals or nonpublic data as defined in section 13.02.

10.28 Subd. 7. **Report.** (a) Beginning December 1, 2027, and annually thereafter, the
10.29 commissioner must submit a report to the ombudsperson and the chairs and ranking minority
10.30 members of the legislative committees with jurisdiction over foster youth. The report must
10.31 include:

10.32 (1) the total amount of benefits deposited into the trust by financially responsible agencies;

11.1 (2) the total amount of benefits each financially responsible agency received, organized
11.2 by benefit type;

11.3 (3) the total number of beneficiaries in Minnesota, including information on beneficiary
11.4 ages, the number of current beneficiaries, and the number of beneficiaries who exited the
11.5 foster care system;

11.6 (4) the number and amount of disbursements made pursuant to subdivision 8 and each
11.7 reason for each disbursement;

11.8 (5) information on the performance of the financial institution, including processing
11.9 time, beneficiary satisfaction, and account accuracy rate;

11.10 (6) a tax compliance summary;

11.11 (7) an update on the repayment program under subdivision 10, including the number of
11.12 applications received, approved, and denied and the average payment amount;

11.13 (8) the amount of any third-party money received;

11.14 (9) an update on reimbursing financially responsible agencies, including the number of
11.15 disputed claims and whether the financially responsible agencies are complying with
11.16 documentation requirements;

11.17 (10) information on any barriers to benefit preservation the ombudsperson, beneficiaries,
11.18 or financially responsible agencies identify;

11.19 (11) a summary on benefit eligibility screenings conducted by financially responsible
11.20 agencies, including the number of financially responsible agencies not complying with
11.21 screening requirements under this section and any corrective actions taken by the
11.22 commissioner;

11.23 (12) any interactions between trust balances or disbursements and beneficiary eligibility
11.24 for federal or state means-tested programs that the commissioner observes and any
11.25 recommended changes to minimize benefit cliffs; and

11.26 (13) any recommendations for statutory changes.

11.27 (b) The report must only include aggregate, de-identified data and must not include
11.28 case-specific details.

11.29 Subd. 8. **Disbursements.** (a) Once a beneficiary has reached 18 years of age, the financial
11.30 institution must disburse to the beneficiary \$10,000 or the total amount remaining in the
11.31 beneficiary's account, whichever is less, annually on the beneficiary's birthday until the
11.32 beneficiary's account is depleted.

12.1 (b) With each disbursement, the financial institution must include information about the
12.2 potential tax and benefits consequences of the disbursement, including information on
12.3 estimated federal and state tax liability and any impact the disbursement would have on
12.4 other public benefits. The financial institution must also provide resources for tax filing
12.5 assistance and financial planning. For beneficiaries living outside of Minnesota, the
12.6 information provided under this paragraph may be limited to a general description of how
12.7 cash assets and trust disbursements could affect means-tested programs and must direct the
12.8 beneficiary to contact the relevant federal and state agencies for jurisdiction-specific
12.9 guidance.

12.10 (c) On petition of a minor beneficiary who is 14 years of age or older, a court may order
12.11 the financial institution to deliver or pay to the beneficiary or expend for the beneficiary's
12.12 benefit the amount of the beneficiary's trust account as the court considers advisable for the
12.13 use and benefit of the beneficiary. The commissioner must develop a standard form for
12.14 beneficiaries to use when petitioning the court under this paragraph. The form must include
12.15 clear instructions and the contact information for the ombudsperson.

12.16 (d) Upon written request to the commissioner, a beneficiary may request up to 50 percent
12.17 of the beneficiary's account balance for a documented need, including for housing, education,
12.18 transportation, mental health, or legal fees. The commissioner may verify the documented
12.19 need but cannot deny requests arbitrarily. Upon approval, the commissioner must contact
12.20 the financial institution to initiate the accelerated disbursement.

12.21 Subd. 9. **Financial institution selection.** (a) The commissioner must select a financial
12.22 institution to administer the trust through a competitive request for proposals. The selected
12.23 financial institution must:

12.24 (1) have demonstrated experience managing fiduciary accounts for vulnerable
12.25 populations;

12.26 (2) have the capacity to maintain segregated accounts, process tax reporting, and provide
12.27 quarterly statements to beneficiaries;

12.28 (3) provide an assessment of tax implications and capital gains allocation methodology;

12.29 (4) have an investment management strategy that protects the principal amount while
12.30 generating modest returns;

12.31 (5) demonstrate compliance with federal fiduciary standards and state banking regulations;

13.1 (6) have demonstrated experience working with financially responsible agencies, Tribal
13.2 social services agencies, and beneficiaries to determine appropriate account structures for
13.3 each beneficiary; and

13.4 (7) offer multiple, different, and secure disbursement methods.

13.5 (b) The commissioner must establish a selection panel to develop the request for
13.6 proposals, evaluate proposals, and recommend a financial institution to the commissioner
13.7 for selection under this subdivision. The panel must include:

13.8 (1) the commissioner or a designee;

13.9 (2) the ombudsperson or a designee;

13.10 (3) one member from the Minnesota Association of County Social Service Administrators;

13.11 (4) two members employed by a nonprofit organization that serves foster youth;

13.12 (5) at least two members who are current or former foster youth 18 years of age or older;

13.13 and

13.14 (6) at least two members who are subject matter experts in trust administration, fiduciary
13.15 services, or financial management for vulnerable populations.

13.16 (c) The contract with the selected financial institution must include performance metrics
13.17 tied to account accuracy, beneficiary satisfaction, and tax compliance. The contract must
13.18 require the financial institution to coordinate with financially responsible agencies and
13.19 beneficiaries to keep account structures and contact information current, and to document
13.20 those efforts.

13.21 (d) If no qualified financial institution is selected under this subdivision or the selected
13.22 financial institution declines to enter into a contract, the commissioner must report to the
13.23 chairs and ranking minority members of the legislative committees with jurisdiction over
13.24 foster youth by January 15 of the following year on alternative implementation options,
13.25 including direct state administration.

13.26 Subd. 10. **Repayment program.** (a) No later than July 1, 2027, the commissioner must
13.27 identify, based on available federal and state records and to the extent practicable, every
13.28 person for whom a financially responsible agency received cash benefits as the person's
13.29 representative payee between January 1, 1976, and December 31, 2026, and the amount of
13.30 money diverted to the financially responsible agency during that time. The commissioner
13.31 must establish a simple claims process that requires only basic information that may include
13.32 agency records, affidavits from the beneficiary, or county administrative records.

14.1 (b) No later than January 1, 2028, the commissioner must begin accepting applications
14.2 for individuals described in paragraph (a) to receive compensation for cash benefits diverted
14.3 to the individual's financially responsible agency between January 1, 1976, and December
14.4 31, 2026. The commissioner must develop a system to process the applications and approve
14.5 all applications that show that the applicant had cash benefits diverted to a financially
14.6 responsible agency between January 1, 1976, and December 31, 2026. The process to
14.7 approve applications must prioritize applicants currently in foster care or who recently
14.8 exited foster care and high-value cases where more than \$5,000 was diverted from the
14.9 applicant to the financially responsible agency.

14.10 (c) The commissioner must notify each person identified under paragraph (a) that the
14.11 person was impacted by a financially responsible agency's diversion of cash benefits, how
14.12 to obtain more information on which cash benefits were diverted, when the diversion
14.13 occurred, and the total amount of cash benefits that were diverted. The commissioner must
14.14 also include information on the person's eligibility for the repayment program under this
14.15 subdivision and instructions for submitting an application.

14.16 (d) For each beneficiary already enrolled in the foster youth benefits trust that the
14.17 commissioner determines had cash benefits diverted to a financially responsible agency
14.18 between January 1, 1976, and December 31, 2026, the commissioner must deposit an amount
14.19 equal to the cash benefits diverted to a financially responsible agency between January 1,
14.20 1976, and December 31, 2026, into the beneficiary's trust account. The commissioner must
14.21 automatically screen beneficiaries for eligibility under this paragraph without requiring an
14.22 application from the beneficiaries.

14.23 (e) For each applicant under paragraph (b) who is not already enrolled in the foster youth
14.24 benefits trust, the commissioner must directly award the applicant an amount equal to the
14.25 cash benefits diverted to a financially responsible agency between January 1, 1976, and
14.26 December 31, 2026.

14.27 (f) No later than December 31, 2027, the commissioner must issue a report to the chairs
14.28 and ranking minority members of the legislative committees with jurisdiction over foster
14.29 youth. The report must include preliminary findings on the number of individuals identified
14.30 under this subdivision, estimated diversion amounts, projected costs for the repayment
14.31 program, and whether additional appropriations are needed to fully implement the repayment
14.32 program.

15.1 Subd. 11. **Fraud prevention and accountability.** (a) Each financially responsible agency
15.2 must submit beneficiary and cash benefits documentation to the commissioner no later than
15.3 60 days after the end of the fiscal year.

15.4 (b) The commissioner must conduct annual audit sampling of at least ten percent of each
15.5 financially responsible agency's accounts to verify:

15.6 (1) documentation completeness and accuracy;

15.7 (2) that the cash benefits reported match federal source records;

15.8 (3) that there were no unreported cash benefits received; and

15.9 (4) that all cash benefits received were deposited into the trust.

15.10 (c) Any financially responsible agency that fails to report cash benefits received or fails
15.11 to deposit cash benefits into the trust is subject to:

15.12 (1) civil liability to the beneficiary for the full amount of cash benefits with an interest
15.13 rate determined by the commissioner;

15.14 (2) public reporting to the legislature on the agency's name, the amount of cash benefits,
15.15 and the reason the cash benefits were not reported or deposited; and

15.16 (3) if the financially responsible agency is a private agency, license revocation for up
15.17 to two years.

15.18 (d) The commissioner must maintain a public dashboard on the commissioner's website
15.19 that provides de-identified information on:

15.20 (1) the total amount of cash benefits deposited into the trust by financially responsible
15.21 agencies;

15.22 (2) statewide compliance trends, including the number of financially responsible agencies
15.23 found out of compliance with the requirements of this section and the total dollar amount
15.24 of unreported or improperly retained cash benefits; and

15.25 (3) the number and type of any corrective actions taken by the commissioner.

15.26 Subd. 12. **Rulemaking authority.** The commissioner and the ombudsperson may adopt
15.27 rules under chapter 14 that are necessary to the operation of the foster care benefits trust
15.28 and repayment program and to aid in performing the commissioner's and the ombudsperson's
15.29 administrative duties to ensure an equitable result for beneficiaries and former foster youth.

16.1 Sec. 4. Minnesota Statutes 2024, section 260C.331, subdivision 7, is amended to read:

16.2 Subd. 7. **Notice.** (a) If the responsible social services agency receives Retirement,
16.3 Survivors, and Disability Insurance; Supplemental Security Income; veteran's benefits;
16.4 railroad retirement benefits; or black lung benefits on behalf of a child, it must provide
16.5 written notice. The notice must state that the responsible social services agency receives
16.6 benefits on behalf of the child and must include information about the foster care benefits
16.7 trust under section 142A.6091. The notice must be sent by certified mail, return receipt
16.8 requested to:

16.9 (1) the child, if the child is 13 years of age or older;

16.10 (2) the child's parent, guardian, or custodian or if there is no legal parent or custodian,
16.11 the child's relative selected by the agency;

16.12 (3) the guardian ad litem;

16.13 (4) the legally responsible agency as defined in section 142A.602, if different than the
16.14 responsible social services agency; and

16.15 (5) the counsel appointed for the child pursuant to section 260C.163, subdivision 3.

16.16 (b) If the responsible social services agency receives benefits under this subdivision on
16.17 behalf of a child 13 years of age or older, the legally responsible agency as defined in section
16.18 142A.602, subdivision 13, if different, and the guardian ad litem must disclose this
16.19 information to the child in person in a manner that best helps the child understand the
16.20 information. ~~This paragraph does not apply in circumstances where the child is living outside~~
16.21 ~~of Minnesota.~~ For a child placed outside of Minnesota, the legally responsible agency must
16.22 disclose the information required under paragraph (a) during an in-person visit with the
16.23 child. If an in-person visit is not practicable, the legally responsible agency must use
16.24 reasonable efforts to disclose the information by video conference or other interactive
16.25 technology and must document that the child received the information. The guardian ad
16.26 litem may participate in the in-person or video conference meeting between the legally
16.27 responsible agency and the child consistent with the visit requirements for guardian ad
16.28 litem under other laws.

16.29 ~~(c) If the responsible social services agency receives the benefits listed under this~~
16.30 ~~subdivision on behalf of a child, it cannot use those funds for any other purpose than the~~
16.31 ~~care of that child. The responsible social services agency must not commingle any benefits~~
16.32 ~~received under this subdivision and must not put the benefits received on behalf of a child~~
16.33 ~~into a general fund.~~

17.1 ~~(d) If the responsible social services agency receives any benefits listed under this~~
17.2 ~~subdivision, it must keep a record of:~~

17.3 ~~(1) the total dollar amount it received on behalf of all children it receives benefits for;~~

17.4 ~~(2) the total number of children it applied to be a payee for; and~~

17.5 ~~(3) the total number of children it receives benefits for.~~

17.6 ~~By July 1, 2025, and each July 1 thereafter, the responsible social services agency must~~
17.7 ~~submit a report to the commissioner that includes the information required under this~~
17.8 ~~paragraph.~~

17.9 Sec. 5. Minnesota Statutes 2024, section 260C.452, is amended by adding a subdivision
17.10 to read:

17.11 Subd. 2a. Notice of foster care benefits trust. (a) The responsible social services agency
17.12 must provide information on the foster care benefits trust under section 142A.6091 in the
17.13 foster youth's transition plan for foster youth who are 16 years of age or older. The
17.14 information must include:

17.15 (1) the projected trust balance and disbursement timeline;

17.16 (2) how to coordinate with the John H. Chafee Foster Care Program for Successful
17.17 Transition to Adulthood, extended foster care program, and other supports to avoid benefit
17.18 cliffs; and

17.19 (3) financial literacy information.

17.20 (b) When the foster youth exits foster care, the commissioner must include trust account
17.21 statements in the foster youth's exit packet and must have a meeting with the foster youth,
17.22 the foster youth's attorney and, if applicable, a Chafee coordinator within 30 days of the
17.23 foster youth's exit.

17.24 Sec. 6. **IMPLEMENTATION TIMELINE FOR FOSTER CARE BENEFITS TRUST.**

17.25 (a) By January 15, 2027, the commissioner of children, youth, and families must issue
17.26 a competitive request for proposals to select a qualified third-party financial institution in
17.27 accordance with Minnesota Statutes, section 142A.6091, subdivision 9.

17.28 (b) By April 1, 2027, the commissioner of children, youth, and families must select and
17.29 contract with a qualified third-party financial institution in accordance with Minnesota
17.30 Statutes, section 142A.6091, subdivision 9. If no financial institution is selected by April
17.31 1, 2027, the commissioner of children, youth, and families must become a temporary trustee

18.1 until a qualified financial institution is selected. The commissioner of children, youth, and
18.2 families must notify the chairs and ranking minority members of the legislative committees
18.3 with jurisdiction over children, youth, and families by April 31, 2027, if the commissioner
18.4 of children, youth, and families becomes the temporary trustee.

18.5 (c) By June 30, 2027, all financially responsible agencies must be trained on and in
18.6 compliance with all reporting requirements under Minnesota Statutes, section 142A.6091.
18.7 The training must include clear guidance on the timeline and screening procedures for
18.8 conducting cash benefit eligibility screenings. The commissioner of children, youth, and
18.9 families, in consultation with the Minnesota Association of County Social Service
18.10 Administrators, must develop best practices guidelines to ensure uniformity statewide
18.11 regarding which children are subject to screening requirements and when screenings must
18.12 occur.

18.13 (d) By July 1, 2027, accounts for each beneficiary must be created or transferred to the
18.14 financial institution and the foster care benefits trust under Minnesota Statutes, section
18.15 142A.6091, must be operational.

18.16 (e) By October 1, 2027, financially responsible agencies must make the first deposits to
18.17 the trust, as provided under Minnesota Statutes, section 142A.6091, subdivision 3.

18.18 (f) By January 1, 2028, the repayment application and portal maintained by the
18.19 commissioner of children, youth, and families must be live and the outreach campaign must
18.20 be completed.

18.21 (g) By January 15, 2028, the first reimbursements to financially responsible agencies
18.22 must be processed in accordance with Minnesota Statutes, section 142A.6091, subdivision
18.23 4.

18.24 **Sec. 7. APPROPRIATIONS; FOSTER CARE BENEFITS TRUST AND**
18.25 **REPAYMENT PROGRAM.**

18.26 Subdivision 1. **Foster care benefits trust.** (a) \$..... in fiscal year 2027 is appropriated
18.27 from the general fund to the foster youth ombudsperson for the purposes of the foster care
18.28 benefits trust under Minnesota Statutes, section 142A.6091. The base for this appropriation
18.29 is \$..... in fiscal year 2028 and \$..... in fiscal year 2029.

18.30 (b) The foster youth ombudsperson may use the appropriations in this subdivision to
18.31 hire up to two full-time equivalent staff members for the foster care benefits trust and
18.32 repayment program.

19.1 Subd. 2. **Financial institution selection.** \$..... in fiscal year 2027 is appropriated from
19.2 the general fund to the commissioner of children, youth, and families to select the third-party
19.3 financial institution in accordance with Minnesota Statutes, section 142A.6091, subdivision
19.4 9. This is a onetime appropriation.

19.5 Subd. 3. **Financially responsible agency reimbursement.** \$15,000,000 in fiscal year
19.6 2027 is appropriated from the general fund to the commissioner of children, youth, and
19.7 families to reimburse financially responsible agencies according to Minnesota Statutes,
19.8 section 142A.6091, subdivision 4. The commissioner of children, youth, and families must
19.9 prioritize reimbursement of financially responsible agencies with the highest historical
19.10 diversion amounts.

19.11 Subd. 4. **Repayment program.** (a) \$15,000,000 in fiscal year 2027 is appropriated from
19.12 the general fund to the commissioner of children, youth, and families to:

19.13 (1) identify current and former individuals in foster care for whom a financially
19.14 responsible agency received cash benefits as the person's representative payee between
19.15 January 1, 1976, and December 31, 2026;

19.16 (2) identify the amount of money diverted away from each individual; and

19.17 (3) repay individuals formerly in foster care pursuant to Minnesota Statutes, section
19.18 142A.6091, subdivision 10.

19.19 (b) Any unspent amount in fiscal year 2027 does not cancel and is carried over to fiscal
19.20 year 2028. "

19.21 Amend the title accordingly