SENATE BILL REPORT
SB 5488

As of February 11, 2025

Title: An act relating to strengthening the financial stability of persons in the care of the department of children, youth, and families.

Brief Description: Strengthening the financial stability of persons in the care of the department of children, youth, and families.

Sponsors: Senators Alvarado, Warnick, Wilson, C., Chapman, Krishnadasan, Nobles, Trudeau and Valdez.

Brief History:

Committee Activity: Human Services: 1/28/25, 2/05/25 [DPS-WM, w/oRec].
Ways & Means: 2/13/25.

Brief Summary of First Substitute Bill

- Provides that as of January 1, 2026, the Department of Children, Youth and Families (DCYF) may not apply any benefits, payments, funds, or accrual paid to, or on behalf of, a youth age 14 through 17 in the care of DCYF as reimbursement for the cost of care.
- Provides that as of January 1, 2028, DCYF may not apply any benefits, payments, funds, or accrual paid to, or on behalf of, a person younger 14 and older than 17 in the care of DCYF as reimbursement for the cost of care.
- Specifies when DCYF is to apply for Social Security benefits on behalf of a person in their care, DCYF's responsibilities as a representative payee, and how DCYF is to work with a person receiving benefits and transitioning out of their care.
- Directs DCYF to develop and implement a financial literacy training for youth that includes information related to public benefits.

SENATE COMMITTEE ON HUMAN SERVICES

Majority Report: That Substitute Senate Bill No. 5488 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.
Signed by Senators Wilson, C., Chair; Frame, Vice Chair; Orwall and Warnick.

Minority Report: That it be referred without recommendation.
Signed by Senator Christian, Ranking Member.

Staff: Alison Mendiola (786-7488)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Josh Hinman (786-7281)

Background: Children in the Care of the Department of Children, Youth, and Families. A child may come into the care of the Department of Children, Youth, and Families (DCYF) through the child welfare (dependency) system, or through the juvenile justice system.

Anyone, including DCYF, may file a petition in court alleging that a child should be a dependent of the state due to abuse, neglect, or because there is no parent, guardian, or custodian capable of adequately caring for the child. If a court determines that a child should be a dependent, the court will conduct periodic reviews and make determinations regarding the child's placement, provision of services by the DCYF, compliance of the parents, and whether progress has been made by the parents. When children are removed from the home of a parent or guardian during dependency proceedings, they may be placed in an out-of-home placement with relatives or with a foster parent.

DCYF operates juvenile rehabilitation institutions for juveniles convicted of crimes and sentenced to more than 30 days of confinement. DCYF also operates community facilities for youth convicted of crimes, which are less restrictive settings that allow youth to begin transitioning back to the community, and include treatment, education, and vocational services. To be eligible for community facility placement, a youth must be placed on minimum security status.

Funds of Children in the Care of the Department of Children, Youth, and Families. The secretary of the DCYF (Secretary) is the custodian of funds for persons placed with DCYF. As custodian, the Secretary has the authority to disburse moneys from the person's funds for certain designated purposes, including for the personal needs of the person or to reimburse for public assistance expended on behalf of the person, which may include funds paid for the cost of the person's care. All funds held by the Secretary as custodian may be deposited into a single fund, with receipts and expenditures accounted on an individual basis. When the funds belonging to any one person exceeds $500, the Secretary may deposit the funds into a savings and loan association account, on behalf of the person. When the conditions of placement no longer exist, the Secretary must deliver all remaining funds to the person along with a full and final accounting of all receipts and expenditures.

Summary of Bill (First Substitute): As of January 1, 2026, DCYF may not apply any benefits, payments, funds, or accrual paid to, or on behalf of, a a youth age 14 through 17 in the care of DCYF as reimbursement for the cost of care.

As of January 1, 2028, and subject to appropriations, DCYF may not apply any benefits, payments, funds, or accrual paid to, or on behalf of, a person younger 14 and older than 17 in the care of DCYF as reimbursement for the cost of care.

When a person is in the care of DCYF and is not already receiving Supplemental Security Income and Retirement, Survivors, and Disability Insurance benefits, DCYF is to assess whether the person is eligible for such benefits. DCYF is to screen persons in out-of-home placement for eligibility for such benefits on an ongoing basis. When a person is assessed to be eligible for Social Security benefits, DCYF shall:

- apply for Supplemental Security Income and Retirement, Survivors, and Disability Insurance benefits on behalf of the person. If the person is over the age of 12, the person shall be asked to consent to authorize a release of information for the application;
- provide notification of the application, when DCYF applies for Supplemental Security Income, and Retirement, Survivors, and Disability Insurance benefits on behalf of a person, to the person and to the person's caregivers and all other parties to the dependency, if the person is a dependent child; or the person's parent or legal guardian if the person is being held under the supervision of juvenile rehabilitation for juvenile and adult offenders;
- provide all relevant information to the Social Security Administration concerning potential representative payees; and
- maintain eligibility for the benefits if the person is approved for benefits.

When a person is in the care of DCYF and is already receiving Supplemental Security Income and Retirement, Survivors, and Disability Insurance benefits, and the permanency plan for the person is reunification, DCYF may delay applying to become representative payee to support reunification.

When DCYF is representative payee for a person in the care of DCYF, DCYF shall place funds into an account on behalf of the person. DCYF shall disburse funds from the account for the purpose of meeting any of the person's unmet personal needs while in care not covered by other state or federal funds and may not supplant other funding sources that would cover the person's care. When the amount of money due to the person exceeds asset limits for the benefit or exceeds the amount needed to provide for the person's personal needs, DCYF shall place the funds in an appropriate savings or investment that will not count against a person's eligibility for Supplemental Security Income and Retirement, Survivors, and Disability Insurance benefits, unless such funds are needed for the person to access Medicaid waiver services provided by the Developmental Disabilities Administration. Such accounts may include, but are not limited to:

- a Washington Achieving a Better Life Experience program account managed by the Department of Commerce;
- a special needs or pooled trust; or
- a savings account, and provide an annual account statement to the person and any other persons required to be notified.

When the conditions of placement no longer exist, DCYF is to work with the parent, person, or agency who is legally responsible for the person, to become the representative payee. If the person is turning 18, DCYF is to work with the person to become the payee, unless the person requires a guardian to manage the funds.

DCYF shall develop and implement a financial literacy training for youth that includes information related to public benefits. The training must be provided to persons exiting the care of DCYF when the person is:

- over the age of 14;
- receiving or likely to be eligible to receive public benefit payments; and
- likely to have the ability to participate in the management of their own payments in the future.

When funds belonging to a person in DCYF's care exceeds $2,000, those funds may be deposited into a savings and loan association account, or other savings or investment account provided for under this act.

EFFECT OF CHANGES MADE BY HUMAN SERVICES COMMITTEE (First Substitute):

As of January 1, 2026, DCYF may not apply any benefits, payments, funds, or accrual paid to, or on behalf of, a youth age 14 through 17 in the care of DCYF as reimbursement for the cost of care. As of January 1, 2028, DCYF may not apply any benefits, payments, funds, or accrual paid to, or on behalf of, a person younger 14 and older than 17 in the care of DCYF as reimbursement for the cost of care.

Appropriation: The bill contains a section or sections to limit implementation to the availability of amounts appropriated for that specific purpose.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill contains several effective dates. Please refer to the bill.

Staff Summary of Public Testimony on Original Bill (Human Services): *The committee* *recommended a different version of the bill than what was heard.* PRO: Some may be surprised that we take money away from children to pay for their foster care. Ten to twelve percent of children in foster care receive some sort of benefit that belongs to the child but under current practice DCYF garnishes those funds to pay for that child's care without that child's knowledge. These funds need to be preserved. Children in foster care have higher rates of homelessness and incarceration. In 2023, a similar bill did not pass but the budget included a proviso for DCYF to develop a plan to discontinue this practice. Their recommendations are included in this bill. While it will be expensive to implement this bill, that money largely represents money we are taking from children. Other states have ended this practice. It is not a child's fault they are in foster care. This issue has been around for decades, hidden in plain sight. If any bill is worth bipartisan support, this is it. The benefits a child receives are meant to help a child with a disability or who has lost a parent. The funds are meant to provide for unique needs of a child beyond basic care. Not all children in foster care have to pay for their care, only the ones receiving benefits. Preserving funds meant for a child in foster care is a crucial safety net for some of our most vulnerable children. Young people are worth this investment.

Persons Testifying (Human Services): PRO: Senator Emily Alvarado, Prime Sponsor; Kim Justice, Partners for Our Children; Jim Theofelis, NorthStar Advocates; Annie Chung, Legal Counsel for Youth and Children; Daniel Lugo, YouthCare; Samuel Martin, The Mockingbird Society; Domonique Jackson-Russell.

Persons Signed In To Testify But Not Testifying (Human Services): No one.