THE FOSTER YOUTH FINANCIAL SECURITY ACT, H.R. 6193

The Foster Youth Financial Security Act will prepare foster youth who are transitioning to adulthood to properly manage their finances, in addition to adding greater protections of their financial information while they are under the care of the state. To strengthen the financial security of foster youth and to empower them to make responsible financial decisions as adults, the legislation contains the following provisions:

Protection Against Identity Theft

Foster children are disproportionately victims of identity theft because their personal information passes through many hands, increasing the chances that someone will open an account in their name or use their Social Security number (SSN). This bill would require that all foster children have their credit reports reviewed, and cleared if there is an inaccuracy, prior to leaving care. It would also end the use of a child's SSN as an identifier. Currently, there is no available data on how many children have been affected by identity theft; this legislation will track the number of stolen identities by state. The bill allows the states to obtain assistance from both the Department of Health and Human Services and Federal Trade Commission on how best to protect their foster youth.

Developing Successful Transition Plans

Research shows that current and former foster youth are more likely to forego higher education, be in poor health, become homeless, and rely on public supports as adults. This legislation would provide resources for a successful transition to adulthood by helping foster youth obtain a driver's license or state identification card, obtain auto insurance, open a bank account, and apply for student loans. This bill would also help foster youth determine if they are eligible for federal or state benefits and provide them with information on accessing health care and safe and affordable housing. Financial literacy classes would be available foster children and their foster parents.

Creating Individual Development Accounts

Individual Development Accounts (IDAs) are savings accounts to help low-income families and persons save for specified purposes. Certain states and nonprofit organizations have set up IDAs specifically for foster youth, but this practice is not uniform. This bill provides seed money for each state to set up IDAs for foster youth so they leave care with a nest egg to pay for housing, education, and job training.

Providing Resources for the States

This bill would provide $45 million for the states to carry out the above initiatives and an additional $5 million for technical assistance.