

1 AN ACT relating to child welfare.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 605 IS CREATED TO  
4 READ AS FOLLOWS:

5 *(1) (a) For all children in the care and custody of the cabinet, the cabinet shall*  
6 *determine within sixty (60) days after entry into care whether each child is*  
7 *receiving or eligible for earned federal benefits administered by the United*  
8 *States Social Security Administration or the United States Department of*  
9 *Veterans Affairs, including survivor or dependent benefits.*

10 *(b) If the cabinet determines that a child is eligible or may be eligible for such*  
11 *earned benefits, the cabinet shall apply for the benefits on behalf of the*  
12 *child in accordance with federal law.*

13 *(2) If a child began receiving earned federal benefits before entering the cabinet's*  
14 *care and custody, or if the cabinet applies for benefits on behalf of the child, the*  
15 *cabinet shall, in consultation with the child and the child's attorney, identify an*  
16 *appropriate representative payee consistent with 20 C.F.R. secs. 404.2021 and*  
17 *416.621 and may apply to become the representative payee only if no other*  
18 *suitable candidate is available.*

19 *(3) If the cabinet is appointed to serve as the representative payee, the cabinet shall:*

20 *(a) Not use any of the child's earned federal benefits, savings, or assets to pay*  
21 *for or reimburse the cabinet or the Commonwealth for any cost of the*  
22 *child's care, maintenance, supervision, or services;*

23 *(b) Establish and maintain an account to conserve the child's earned federal*  
24 *benefits in the child's best interests and consistent with federal and state*  
25 *asset and resource limits. Acceptable account types shall include:*

26 *1. A special needs trust;*

27 *2. A pooled special needs trust;*

- 1           3. An Achieving a Better Life Experience (ABLE) account established  
2                           pursuant to 26 U.S.C. sec. 529A; or  
3           4. Any other account or trust vehicle determined not to interfere with  
4                           eligibility for public benefits;  
5           (c) Provide an annual accounting of the use, application, or conservation of the  
6                           child's earned federal benefits to the child, the child's attorney, and, if  
7                           parental rights have not been terminated, to the child's parents or  
8                           guardians; and  
9           (d) Periodically review whether another qualified person or entity could serve  
10                          as representative payee in the child's best interests and, if so, shall assist in  
11                          transferring that role.  
12           (4) The cabinet shall review each case annually to determine whether a child in care  
13                          and custody has become newly eligible for earned federal benefits after the  
14                          cabinet's initial determination pursuant to subsection (1) of this section.  
15           (5) The cabinet shall develop and implement a plan for each child in care and  
16                          custody with conserved earned federal benefits to be called the Success Sequence  
17                          Savings and Disbursement Plan. The plan shall allow a child who has completed  
18                          a cabinet-approved financial literacy or savings readiness program to access a  
19                          portion of conserved benefits upon completion of at least one (1) specific  
20                          milestone that promotes independence and financial readiness, including but not  
21                          limited to:  
22                          (a) Obtaining a driver's license or state identification card;  
23                          (b) Graduating from high school or receiving a recognized equivalent;  
24                          (c) Enrolling in a postsecondary education, vocational training, or  
25                          apprenticeship program; or  
26                          (d) Maintaining verified employment for at least six (6) consecutive months.  
27           (6) The cabinet shall:

- 1        (a) Determine reasonable disbursement thresholds and amounts for each  
2                    milestone to promote long-term savings while rewarding progress toward  
3                    self-sufficiency; and
- 4        (b) Ensure that all children participating in the program have access to  
5                    financial literacy instruction and counseling to support effective use of  
6                    milestone payments and long-term asset building.
- 7        (7) Upon termination of the cabinet's care and custody for the child, the cabinet  
8                    shall release any remaining conserved funds to:
- 9                    (a) The child, if the child is at least eighteen (18) years of age or emancipated;  
10                    or
- 11                    (b) The person responsible for the child, if the child remains a minor and is not  
12                    emancipated.
- 13        (8) The cabinet shall promulgate administrative regulations in accordance with KRS  
14                    Chapter 13A and applicable federal laws to implement this section that include  
15                    but are not limited to rules governing account management, milestone  
16                    disbursements, reporting, financial literacy education, and oversight.