

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) Allow but not require use of the child's earned benefits only for unmet
24 needs of the child that are beyond those the cabinet is obligated or agrees to
25 pay;
- 26 (c) Establish and maintain an account to conserve the child's earned federal
27 benefits in the child's best interests and consistent with federal and state

1 asset and resource limits. Acceptable account types shall include:

2 1. A special needs trust;

3 2. A pooled special needs trust;

4 3. An Achieving a Better Life Experience (ABLE) account established
5 pursuant to 26 U.S.C. sec. 529A; or

6 4. Any other account or trust vehicle determined not to interfere with
7 eligibility for public benefits;

8 (d) Provide an annual accounting of the use, application, or conservation of the
9 child's earned federal benefits to the child, the child's attorney, and, if
10 parental rights have not been terminated, to the child's parents or
11 guardians; and

12 (e) Periodically review whether another qualified person or entity could serve
13 as representative payee in the child's best interests and, if so, shall assist in
14 transferring that role.

15 (4) The cabinet shall review each case annually to determine whether a child in care
16 and custody has become newly eligible for earned federal benefits after the
17 cabinet's initial determination pursuant to subsection (1) of this section.

18 (5) Upon termination of the cabinet's care and custody for the child, the cabinet
19 shall release any remaining conserved funds to:

20 (a) The child, if the child is at least eighteen (18) years of age or emancipated;
21 or

22 (b) The person responsible for the child, if the child remains a minor and is not
23 emancipated.

24 (6) The cabinet shall develop and implement a plan for each child in care and
25 custody with conserved earned federal benefits to be called the Success Sequence
26 Savings and Disbursement Plan. The plan shall allow a child to access a portion
27 of conserved benefits upon completion of specific milestones that promote

1 independence and financial readiness, including but not limited to:

2 (a) Obtaining a driver's license or state identification card;

3 (b) Graduating from high school or receiving a recognized equivalent;

4 (c) Enrolling in a postsecondary education, vocational training, or
5 apprenticeship program;

6 (d) Maintaining verified employment for at least six (6) consecutive months;

7 and

8 (e) Completing a cabinet-approved financial literacy or savings-readiness
9 program.

10 (7) The cabinet shall:

11 (a) Determine reasonable disbursement thresholds and amounts for each
12 milestone to promote long-term savings while rewarding progress toward
13 self-sufficiency; and

14 (b) Ensure that all children participating in the program have access to
15 financial literacy instruction and counseling to support effective use of
16 milestone payments and long-term asset building.

17 (8) The cabinet shall promulgate administrative regulations in accordance with KRS
18 Chapter 13A and applicable federal laws to implement this section that include
19 but are not limited to rules governing account management, milestone
20 disbursements, reporting, financial literacy education, and oversight.