Kansas
Department for Children
and Families
Strong Families Make a Strong Kansas

House Children and Seniors Committee:

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HB 2160: Individual Development Accounts for Youth Exiting Foster Care

Testimony by:

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Testimony of:
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Testimony on:
HB 2160, Individual Development Accounts for Youth Exiting Foster Care

Chairman Alford, Vice Chair Gallagher, Ranking Member Ousley and Members of the Committee:

Thank you for the opportunity to testify in support of HB 2160.

Learning the skills needed to make it on your own as an adult can be challenging. For youth exiting foster care, this transition sometimes occurs without the support of a family or identified resources. The Kansas Department for Children and Families (DCF) Independent Living (IL) program seeks to provide youth formerly in foster care with support and guidance while navigating the path to a successful adulthood. The IL program served 795 youth during FY 2016. 347 youth transitioned out of foster care into adulthood in FY 2016.

The Independent Living Individual Development Account (IDA) Act is set out in K.S.A. 74-50,201 et. seq. IDAs are matched savings accounts that help people with limited resources save towards the purchase of certain specified assets or services. There are IDAs established in many other states, though they may be administered differently. In Kansas, a tax credit is available to individuals who contribute. Approximately $500,000 in tax credits per fiscal year has been authorized, per statute, and the program is managed by the Creating Assets, Savings & Hope (CASH) program with Interfaith Housing under the administrative authority of the Kansas Department of Commerce. The tax credits are used to leverage donations that are then used as match for the IDA savings. The savings currently can be used for home ownership, residence repairs, business capitalization and post-secondary education. HB 2160 expands the Kansas IDA statutory language found in the IDA Act to accommodate youth formerly in foster care. The revisions in the bill will:

- Create a new category for youth “likely to age out of foster care” for participation in IDAs for startup costs, vehicle purchases and associated vehicle costs.
- Allow for savings by youth who have transitioned out of foster care to be matched under this program.
- Result in a requirement to complete financial education courses, just as all IDA participants must do.
- Encourage the act of saving, which changes a youth’s thinking pattern from short-term impulse spending to more long-term stability planning. Youth participation in saving and financial education programs have demonstrated overall improvement of outcomes when they are transitioning out of foster care into adulthood.

Modifying the language surrounding IDAs will allow youth transitioning from foster care to have their savings matched for developing a financial cushion when leaving care, getting their homes situated (household start-up goods), taking driver's education and saving for a vehicle. Although the IL program can assist with household goods and driver's education, it can neither provide all youth with everything they need, nor pay for many youth to fully complete driver's education. Many of our youth struggle for years after leaving foster care with financial stability and access to transportation. When an individual participates in an IDA, there is a federal requirement for financial management education to occur as denoted in the Assets for Independence Act. This financial education assists our youth with managing their resources and creates an opportunity for forward thinking and saving. This can be the difference between overcoming a crisis and needing additional DCF services. There is evidence-based research showing that supporting youth aging out of foster care with asset development has multiple long-term positive benefits, both for the individual youth and society at large.

Thank you for the opportunity to provide our support for HB 2160.