

Extended Foster Care Payments and Student Financial Aid

Background

With the passage of the Federal Fostering Connections to Success Act and subsequent implementing legislation in California (AB12), as of January 1, 2012 youth in out-of-home placement through the foster care system became eligible to receive foster care benefits until the age of 21. In some cases, foster youth may live independently in a setting known as a Supervised Independent Living Placement (SILP) and receive the foster care payment directly. The Department of Education was asked to provide guidance as to how extended foster care payments made directly to foster youth are to be treated when determining a student's Title IV student aid eligibility, including whether these payments should be reported on the Free Application for Federal Student Aid (FAFSA)

Determination

On July 3, 2013 the U.S. Department of Education issued a Dear Colleague Letter¹ (DCL ID: GEN-13-18) to Financial Aid Administrators that clarified that extended foster care payments made directly to foster youth **are to be excluded** when determining Title IV federal student aid eligibility.

This determination states: "Extended foster care payments paid under the authority of Title IV – Part E of the Social Security Act are excluded from income for purposes of the calculation of a student's Expected Family Contribution (EFC) and thus not reported on the FAFSA."

The determination further clarifies that these payments are also not considered to be Estimated Financial Assistance.

Note that language included in the DCL regarding payments "not made under the authority of Title IV – Part E of the Social Security Act (e.g., paid under the authority of a state foster youth support program)" does not apply to payments made under California's extended foster care program as all foster care payments made by California's foster care program are made under the authority of Title IV-E. Although some foster care payments are made from State or county funds, the DCL clarifies that "it does not matter if all or any part of the extended foster care payments is made from State or other non-federal sources. The determinant factor is whether the payments are made under the authority of Part E of Title IV of the Social Security Act."

¹ <http://ifap.ed.gov/dpccletters/GEN1318.html>