

Opportunity Passports for Youth in Transition from Foster Care

A Vision Statement

Jim Casey Youth Opportunities Initiative

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Context

Every year, at least 16,000 young people formally “age out” of the nation’s foster care system. Because the transition process actually extends well beyond the formal age of emancipation (18 in most states), at any given time approximately 100,000 young people in America are in the process of transitioning from dependency on the child welfare system to adulthood.

For too many youth, there is no happy ending at the conclusion of this journey. Studies have demonstrated that four years after leaving foster care,

- 46% of young people lack a high school diploma
- 25% have experienced homelessness
- 13% have graduated from a four-year college
- 62% have not maintained employment for a year
- 38% have been diagnosed with emotional problems
- 42% have become parents
- Fewer than one in five is completely self-supporting
- A significant proportion has spent time in jail

When Congress debated the Foster Care Independence Act (commonly referred to as the Chafee Act) in 1999, it put the issue of foster care transition on the national policy agenda for the first time in decades. Since then, the amount of federal money available to agencies to help youth transition has doubled (to \$140 million a year), and foster care alumni are now eligible for transition assistance until they turn 21, three years longer than previously. In addition, child welfare agencies must now document the effectiveness of their efforts to help their former charges become self-sufficient.

Current Practice

Although the new money provided under Chafee is welcome, the total available nationally is too little to make a material difference in the lives of the transitioning population. Unless public agencies begin to use this new money boldly, creatively, and effectively—and engage other stakeholders in their mission—the outcomes for youth leaving foster care are not likely to improve substantially.

Currently, most public child welfare agencies can do little more than offer the older youth in their care classes in independent living skills. Providing financial assistance is the exception, rather than the rule, with most cash aid limited to a one-time stipend intended to help secure housing. The sad truth is that once foster youth turn 18 or 19 (21 in New York), most are on their own. There is no one to help them navigate past the obstacles that litter the road to self-sufficiency.

With the passage of the Chafee Act and the mandate to state agencies to pay more attention to young people in transition, program directors of public agencies are looking for new, effective strategies and policies to help former foster youth become self-sufficient.

Opportunity Passports for Youth: Our Vision

The Jim Casey Youth Opportunities Initiative was established by the Annie E. Casey Foundation and Casey Family Programs to increase the opportunities available to individual youth in transition and to help advance the transition issue on the national policy agenda. We are taking a multi-pronged approach to our mission, with various undertakings designed to stimulate youth engagement, to bring attention to the issue, and to forge mission-specific community partnerships. The centerpiece of our approach will be the development of what we are calling an “Opportunity Passport,” which will use state-of-the-art technology to help alumni and youth still in foster care open doors to financial, educational, vocational, entrepreneurial and recreational opportunities, as well as health care.

As currently envisioned, our Opportunity Passport will have three distinct components.

- An Individual Development Account (IDA), to be used for medium- and long-term asset building.
- A debit account, to be used to save and pay for short-term expenses necessary for personal advancement.
- Door openers, our term for a host of other benefits to be designed on a local basis. They are likely to include such amenities as pre-approval for registration for community college courses; expedited access to job-training or adult education courses; reduced admission to cultural and sporting events; pre-certification for subsidized housing; and discounts at stores.

The IDA Component: Our concept for the Opportunity Passport builds on the success of the American Dream Policy Demonstration Project, the first large-scale test of IDAs as a social and economic development tool for low-income communities. Early

results from the project demonstrate that low-income people who hold IDAs show gains in financial literacy and amass significantly more assets than they had in the past.

Until now, most IDA programs have targeted low-income adults. Fewer than 20 youth IDA programs exist around the country, with a total enrollment of only several hundred youth. Results from the evaluation of a few of the youth IDA projects suggest that to be successful, they must be designed differently than IDAs for adults; they must meet the developmental needs of youth and be administered by staff that is experienced in working with young people. In addition, they must provide more immediate gratification than the adult-model IDA, and be administered in a congenial social context. We are confident that our youth IDA will meet those tests.

We believe that this population is ideal for expansion of the IDA concept. Because of restrictive state regulations and lack of job opportunities, many foster youth are unable to amass assets while in care. Plus, their age and their circumstances make them more likely to be focused on the present, rather than the distant future. By pairing financial incentives and money-management training, we believe that we can interest them in opening an IDA, which in turn, will help them develop more of a future orientation.

Reminiscent of the old “penny saver accounts” that were a great success with American school children in the ‘50s and ‘60s, but far more sophisticated, our youth IDAs will provide youth not just with a financial incentive to save, but financial incentives for effort and achievement. We plan to “seed” each IDA with an initial contribution of \$100, to be paid only after the accountholder attends training in money management. We will make additional cash deposits to each account in recognition of participation on one of our Youth

Leadership Boards, regular personal contributions to the account, and participation in personal enrichment or community-serving activities. The funds held in the youth IDA will be resources that the accountholder can tap to advance himself educationally or vocationally. Examples of acceptable uses would be expenses associated with obtaining post-secondary education; buying a house; paying for medical care; running a business; or buying a car, which in many cities is essential if one is to hold a job.

The Debit Component: Research has shown that IDAs alone do not engage most young people. Since our target population includes many young people who, because of lack of income or unstable housing, are unable to open a bank account or qualify for a credit card, the debit card function that we plan to build into our Opportunity Passport should make it more appealing than a standalone IDA. We will encourage our local Youth Leadership Boards and community partners to solicit grants from other stakeholders which, as with the IDAs, can be deposited in the debit accounts as rewards for effort or achievement. A youth will be able to access the funds that amass in his debit account to make purchases essential to his ability to take advantage of opportunities. Acceptable uses will be designated by each local Youth Leadership Board and could include payment of car registration fees or insurance; purchase of work clothes, athletic uniforms, or musical instruments; and payment of fees for extracurricular activities or child care.

The Door-Opening Component: As the Opportunity Passport concept gains currency, we believe that it will come to be used in many ways not yet foreseen. Think of it as a door opener. Through negotiated agreements in specific localities, it could be used to provide expedited access to education and training programs; signify pre-approval for low-interest loans, student aid, or tuition waivers; secure discounted admission to cultural

institutions, concerts, or sporting events; pave the way for entrepreneurship counseling from the Small Business Administration; speed acceptance into Americorps; or entitle the bearer to discounts at certain stores. Our Youth Leadership Boards and community partners will engage other stakeholders in helping make the Opportunity Passport something that foster care alumni want because it opens doors to opportunities.

Concluding Thoughts

By the end of 2003, we hope to begin piloting our Opportunity Passports in eight to fifteen cities, with a goal of providing them to more than 1,000 young people in transition from foster care. Although many details are still to be worked out, we are immensely excited about the concept. We believe it holds appeal on many levels.

Besides the obvious benefits to individual young people of empowerment, personal responsibility, financial literacy, and access to opportunities, we believe our Opportunity Passport could become a model for systems change. Currently, although some child welfare agencies give foster youth a one-time stipend as they emancipate from care, they don't always provide the financial literacy training necessary to guide the youth's spending in a way that advances his prospects.

What if government agencies instead issued an Opportunity Passport to every emancipating foster youth in the United States, endowed it with a cash grant, and made access to the cash dependent on its expenditure on purposes that will increase the prospect for positive outcomes?

What if these Passports also entitled foster care alumni to additional financial incentives as they demonstrate further effort and achievement, or developmentally appropriate milestones?

And, finally, what if these Passports actually opened doors to opportunities for young people who have gotten accustomed to having doors closed in their faces?

If each youth who emancipated from foster care received an Opportunity Passport of the type we are developing, we believe that the statistics on outcomes for emancipated foster youth would be a lot different than those we described at the beginning of this paper.

As Jim Casey once said, "Our horizon is as distant as our mind's eye wants it to be."