

Child Welfare Policy Manual

Questions & Answers

3.5 Independent Living, Educational and Training Vouchers

1. Question: If a youth ages out of foster care in one State and then changes his or her State of residency, which State is responsible for providing a youth with an educational and training voucher?

Answer: For a youth in foster care, the State with placement and care responsibility is responsible for providing a voucher to an eligible youth. The State in which a former foster youth resides is responsible for providing such an eligible youth with a voucher. This provision, however, does not apply to a former foster care youth who already is receiving a voucher and moves to another State for the sole purpose of attending an institution of higher education. In that instance, we expect that the youth's original State of residence will continue to provide a voucher to the youth for as long as the youth remains eligible for the program.

- **Source/Date:** 4/4/05
- **Legal and Related References:** Social Security Act § Section 475 and 477(b)(3)(A); Child Welfare Policy Manual Section 3.1F Q&A 2 and 3

2. Question: Is the amount of a youth's educational and training voucher exempt from Federal taxes?

Answer: Nothing in section 477 of the Social Security Act exempts Chafee Educational and Training Vouchers or scholarships financed with general Chafee funds from Federal taxes. Under certain conditions, however, scholarships may be tax exempt. Since the Administration for Children and Families cannot provide authoritative advice on Federal taxes, the State and/or student should contact the Internal Revenue Service directly for more information.

- **Source/Date:** 4/4/05
- **Legal and Related References:** Social Security Act § Section 477

3. Question: Since one of the purposes of the Chafee Independent Living program is to provide educational services to former foster care recipients between the ages of 18 and 21 (section 477(a)(5)), can general Chafee funds be used to supplement the \$5,000 per-year ceiling for a youth in the Chafee Educational and Training Voucher (ETV) program?

Answer: No. Appropriations law precludes the use of general Chafee funds to supplement the \$5,000 per-year ceiling. When an agency has a specific appropriation for a particular item (such as ETVs), and also has a general appropriation broad enough to cover the same item (such as general Chafee funds), only the more specific appropriation may be used. Therefore, expenditures for the ETV program must be made for the specific purposes set forth in the law and limited to expenses associated with institutions of higher education. General Chafee funds may not be used for voucher expenses associated with institutions of higher education, but may be used for other non-higher education-based learning activities (such as General Equivalency Degree programs, mentoring programs and other supportive services for eligible youth). General Chafee funds may also be used for activities that are outside the scope of an institution's definition of "cost of attendance," and are not covered by the ETV program.

- **Source/Date:** 4/4/05
- **Legal and Related References:** Social Security Act § Sections 477(a)(5) and 477(i); GAO/OGC-91-5 Appropriations Law-Vol. 1, Chapters 2 and 4