

Child Welfare Policy Manual

Section 3.5: Independent Living, Educational and Training Vouchers

3.5. Independent Living, Educational and Training Vouchers

Question 1. 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

4/4/2005

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

Question 2. 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

4/4/2005

Legal and Related References

Social Security Act § section 477

Question 3. 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

4/4/2005

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

3.5A. Youth Eligibility

Question 1. Must a youth be 18 years of age to receive a Chafee Educational and Training Voucher?

Answer

No. The statute does not place any minimum age restrictions for the Chafee Educational and Training Voucher program.

Source/Date

4/4/2005

Legal and Related References

Social Security Act - Section 477(i)(1)

Question 2. If a State amends its title IV-E State plan to define youth at age 14 as eligible for Chafee services, can the State also make foster care youth who are adopted at age 14 eligible for Educational and Training Vouchers (ETV) under the "youth otherwise eligible" criteria in section 477(i)(1) of the Social Security Act (the Act)?

Answer

No. For purposes of the ETV program, section 477(i)(2) of the Act permits former foster youth who have been adopted from foster care to be considered as "youth otherwise eligible" for services. However, it restricts eligibility to youth who are adopted on or after the youth's 16th birthday.

Source/Date

4/4/2005

Legal and Related References

Social Security Act - Section 477(i)(1) and (2)

Question 3. Must students attend school full-time to receive a Chafee Educational and Training Voucher?**Answer**

No. Federal law does not require that students attend school on a full-time basis to receive a voucher.

Source/Date

4/4/2005

Legal and Related References

Social Security Act - Section 477(i); Higher Education Act of 1965, as amended - Section 472.

Question 5. Would a voucher be available for a youth to get an adult high school certificate or General Equivalency Degree (GED) at a community college?**Answer**

Typically, no, because Chafee requires that a youth attend an institution of higher education, as defined in section 102 of the Higher Education

Act (HEA) of 1965, as amended. Among other things, HEA defines what constitutes an "institution of higher learning" based on certain criteria. We encourage the State to consult the specific community college or institution of higher education about whether such a youth is considered a student for whom the institution can calculate the cost of attendance and whether the college or institution of higher education meets the criteria in sections 101 and 102 of HEA.

Source/Date

4/4/2005

Legal and Related References

Social Security Act - Section 477(i); Higher Education Act of 1965, as amended - Section 472

3.5B. Coordination and Duplication

Question 1. The Chafee voucher program requires States to describe how they will avoid duplication of benefits under this and any other Federal assistance program. Does this mean that an award of an educational and training voucher precludes a youth from also receiving a Pell grant award?

Answer

No. A youth may receive both a Pell grant and a voucher. "Avoiding duplicated benefits" means that the youth cannot receive a combination of Federal educational assistance and vouchers that totals more than the actual cost of attendance, or otherwise claim for the same expense under multiple Federal programs.

Source/Date

4/4/2005

Legal and Related References

Social Security Act § section 477(b)(3)(J), Section 477(i)(5)

3.5C. Eligible Expenses and Institutions

Question 1. What type of institutions fall within the definition of "institution of higher education" for the purposes of the educational and training voucher program under section 477 of the Social Security Act?

Answer

The term "institution of higher education" is defined in Sections 101 and 102 of the Higher Education Act (HEA) of 1965, as amended. The U.S. Department of Education, Office of Postsecondary Education, can help States determine which institutions meet the law's criteria. In general, the term includes three different types of institutions: public and nonprofit institutions of higher education; proprietary institutions of higher education; and postsecondary vocational institutions. A public or nonprofit institution of higher education must meet the following criteria (section 101(a) and (b) of HEA): (1) admits as regular students only persons with a high school diploma or General Equivalency Degree (GED), OR students above the age of compulsory school attendance in the State where the institution is located; (2) is authorized by the State to provide postsecondary education; (3) provides an educational program for which the institution awards a bachelor's degree or at least a two-year program (e.g., an associate degree) that is acceptable for full credit toward such a degree OR provides at least a one-year training program to prepare students for gainful employment in a recognized occupation; and (4) is accredited by a nationally recognized accrediting agency or association, recognized by the Department of Education, or has been granted pre-accreditation status by the agency or association, and the Secretary has determined that there is a satisfactory assurance that the institution will meet the accreditation standards of the agency or association within a reasonable time. A proprietary (for-profit) institution of higher education must provide a training program to prepare students for gainful employment in a recognized occupation and meet the same criteria as described in (1) and (2) above for public or nonprofit schools. In addition, the institution must: be accredited by an agency or association recognized by the Department of Education; be in existence for at least two years; and, have at least 10 percent of its

funding come from sources other than title IV of HEA (section 102(a)(1) (A) and 102(b) of HEA). A postsecondary vocational institution must be a public or nonprofit school in existence for at least two years, which provides a training program to prepare students for gainful employment in a recognized occupation. The school must also meet the criteria described in (1), (2) and (4) above (section 102(a)(1)(B)) and 102(c) of HEA). Certain institutions may not be considered an "institution of higher education" without obtaining special Secretarial approval if they have a high percentage of distance learning classes or students, incarcerated students and students without a high school degree, or have previously filed for bankruptcy or have been convicted of fraud using HEA funds (section 102(a)(3) and (a)(4) of HEA). Schools outside of the United States cannot be considered institutions of higher education for the purposes of the Educational and Training Voucher program (section 102(a)(1)(C) of HEA).

Source/Date

4/4/2005

Legal and Related References

HEA of 1965 § section 101 and 102

Question 2. Section 477(i)(4) of the Social Security Act allows States to use educational and training vouchers to pay for the "cost of attendance" up to \$5,000 per year. What is included in the definition of "cost of attendance?"

Answer

The definition of "cost of attendance" is in section 472 of the Higher Education Act of 1965, as amended. The cost of attendance is calculated by the institution of higher education in establishing a youth's financial need and can vary depending on the student's full-time or part-time status and where the student is receiving instruction (i.e., in jail, study-abroad or distance learning). In general, the definition includes a student's: ? Tuition, fees and other equipment or materials required of all students in the same course of study ? Books, supplies and an

allowance for transportation costs and miscellaneous personal expenses, including computers ? Room and board (which may vary depending on whether the student lives at home, in student-housing or an apartment) ? Child care expenses for a student who is a parent ? Accommodations related to the student's disability, such as a personal assistant or specialized equipment that is not paid for by another source ? Expenses related to the youth's work experience in a cooperative education program ? Student loan fees or insurance premiums on the student loan

Source/Date

4/4/2005

Legal and Related References

Higher Education Act of 1965, as amended § section 472; Social Security Act § section 477(i)(4)

Question 3. What child care expenses are included in the definition of "cost of attendance" for the voucher program?

Answer

According to the Higher Education Act of 1965, as amended, if the youth has at least one child, the cost of attendance includes an allowance for child care expenses. The institution must determine the actual allowance, if any, for child care expenses. The institution's determination must be based on the number and age of the youth's child(ren) and may not exceed the reasonable cost for child care in the community where the youth lives. The expenses may cover, but are not limited to, child care necessary for class attendance, periods of study, field-work, internships, and commuting time.

Source/Date

4/4/2005

Legal and Related References

Question 4. If the State is paying for the "cost of attendance" for a student under the Educational and Training Voucher program, what are allowable transportation expenses under the definition of "cost of attendance?" May the State use funds from the voucher program to pay for expenses related to a student's personal vehicle?

Answer

There is no statutory definition of allowable transportation expenses. The institution may determine the amount of transportation expenses, if any, to allow in determining the cost of attendance. The State should consult with the institution to determine which expenses are allowable and appropriate.

If expenses related to the student's personal vehicle are not a part of the cost of attendance, they are not an allowable expense under the voucher program. The State may pay for costs, such as a youth's car insurance or car repairs, that are reasonable and necessary for the youth to become independent or attend classes out of regular Chafee program funds.

Source/Date

4/4/2005

Legal and Related References

Social Security Act § section 477

Question 5. Can the State use funds awarded in the current fiscal year for the Educational and Training Voucher (ETV) program to pay all or a portion of a youth's educational or vocational student loans from previous years?

Answer

No. Fundamental principles of both appropriations law and grants management policy dictate that funds are not available for expenditure or obligation by the grantee (in this case, the State) until they are awarded to the grantee. Accordingly, funds cannot be expended by a grantee for costs incurred prior to the effective date of the grant award. The use of a current fiscal year's ETV funds to finance a youth's educational or vocational loans that were incurred prior to the awarding of grant funds is prohibited.

Source/Date

4/4/2005

Legal and Related References

Social Security Act § section 477; GAO/OGC-91-5, Vol. 1, Chapter 5

Question 6. There is a \$5,000 per year maximum per youth for the Educational and Training Voucher fund. Does this maximum apply only to Federal funds? If so, can the State spend additional dollars from all-State funds or other sources for this purpose?

Answer

Yes to both questions. Consistent with section 474(a)(4) of the Social Security Act, a State will be reimbursed for 80 percent of the amount of a youth's voucher, up to the \$5,000 per year/per youth maximum. The State is responsible for a 20 percent match up to that limit. The State is free to use additional State or other funds for this purpose.

Source/Date

4/4/2005

Legal and Related References

Social Security Act § section 474(a)(4)

Question 7. Section 477(i)(4)(B) of the Social Security Act states that a voucher or vouchers provided for an individual "shall not

exceed the lesser of \$5,000 per year or the total cost of attendance, as defined in the Act." Does the \$5,000 ceiling apply to an academic year, a Federal or State fiscal year, a calendar year or any 12-month period?

Answer

Since the law does not define the term "year" as applied to the \$5,000 ceiling, the State has the discretion to decide the 12-month period to which to apply the ceiling. Accordingly, the voucher amount of up to \$5,000 per year/per youth may be for any 12-month period of the State's choosing. It should be noted, however, that the funds must be spent within the two-year expenditure period that is based on the Federal fiscal year.

Source/Date

4/4/2005

Legal and Related References

Social Security Act § section 474(i)(B)(4)

Question 8. Would a voucher be available for a youth to get an adult high school certificate or General Equivalency Degree (GED) at a community college?

Answer

Typically, no, because Chafee requires that a youth attend an institution of higher education, as defined in section 102 of the Higher Education Act (HEA) of 1965, as amended. Among other things, HEA defines what constitutes an "institution of higher learning" based on certain criteria. We encourage the State to consult the specific community college or institution of higher education about whether such a youth is considered a student for whom the institution can calculate the cost of attendance and whether the college or institution of higher education meets the criteria in sections 101 and 102 of HEA.

Source/Date

4/4/2005

Legal and Related References

Social Security Act - Section 477(i); Higher Education Act of 1965, as amended - Section 472

3.5D. Administrative Costs

Question 1. Can a State claim the administrative costs under the title IV-E Foster Care program (section 474(a)(3) of the Social Security Act (the Act)) for implementing the Educational and Training Voucher program?

Answer

No. Only costs that are closely related to the administration of the title IV-E foster care maintenance payments or adoption assistance programs may be claimed under section 474(a)(3) of the Act.

Source/Date

4/4/2005

Legal and Related References

Social Security Act § section 474

Question 2. Can Chafee voucher program funds be used to pay for staffing?

Answer

Yes. States may use funds from the voucher program to pay for the salaries, expenses and training of staff who administer the State's voucher program. States must properly allocate costs to all benefiting programs, and the allocation of such costs must be included in the State's approved cost allocation plan.

Source/Date

4/4/2005

Legal and Related References

Social Security Act § section 477

3.5E. Independent Living, Educational and Training Vouchers, Match

Question 1. Can non-State funds (e.g., private dollars, in-kind) be used to match the voucher funds?

Answer

Yes. States may use third-party, in-kind sources to match Chafee funds consistent with 2 CFR Part 200.306.

Note: This answer previously referenced 45 CFR Part 75. However, 2 CFR Parts 200 and 300 supersede 45 CFR Part 75 effective October 1, 2025.

Source/Date

(revised 11/2/2016, 81 FR 3022, Jan. 20, 2016), (revised 10/1/25, 89 FR 80055, Oct. 2, 2024)

Legal and Related References

2 CFR 200.306

Question 2. Must State or in-kind funds used to match the voucher program follow the same program rules as the Federal dollars?

Answer

Yes. States may not use matching funds for unallowable costs of the voucher program or to otherwise serve youth who are ineligible for the vouchers in accordance with 2 CFR 200.306.

Note: This answer previously referenced 45 CFR Part 75.. However, 2 CFR Parts 200 and 300 supersede 45 CFR Part 75 effective October 1, 2025.

Source/Date

4/4/05 (revised 11/2/2016, 81 FR 3022, Jan. 20, 2016), (revised 10/1/25, 89 FR 80055, Oct. 2, 2024)

Legal and Related References

2 CFR 200.306

3.5F. Use of Funds

Question 1. Can funds for the voucher program be used for non-voucher related expenses, i.e., mentoring programs or other supportive activities for eligible youth?

Answer

No. Section 477(h)(2) of the Social Security Act (the Act) restricts funds under the voucher program to "education and training vouchers for youths who age out of foster care." Therefore, States may use voucher funds only to provide the vouchers and conduct administrative activities necessary to provide the vouchers. States may, however, use the regular Chafee program funds authorized under section 477(h)(1) of the Act to support these and other activities not allowable under the Educational and Training Voucher program.

Source/Date

4/4/2005

Legal and Related References

Social Security Act § section 477
