FACT SHEET | Families First

Foster Care in America: The Case for Fostering the Future Accounts

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FIRST LADY, TREASURY LAUNCH FIRST SAVINGS AND INVESTMENT ACCOUNTS FOR FOSTER YOUTH

On June 11, 2026, First Lady Melania Trump and Treasury Secretary Scott Bessent launched Fostering the Future Accounts, the first dedicated savings and investment vehicle for children in foster care. Under new federal guidance from the Treasury, the Department of Health and Human Services, and the Office of Management and Budget, state child welfare agencies may now open Trump Accounts—created under the One Big Beautiful Bill Act—for any child in their care, with assets accessible when the young person turns 18. Twenty-three governors have pledged to open accounts for children in their states' custody, and the First Lady has called on every governor and business leader in America to help fund them. The numbers below describe the problem these accounts are built to address.

THE SYSTEM, BY THE NUMBERS

Federal data show a foster care system that is shrinking but still slow to deliver permanent families. All figures are from AFCARS, the federal foster care reporting system, for FY2024—the most recent year with complete data.

- **328,947 children** were in foster care as of September 30, 2024—the sixth consecutive annual decline. Preliminary FY2025 data show essentially no change (331,747).
  - *Some coverage cites "more than 400,000 children"; that reflects the 506,617 children served at any point during FY2024, not the number in care at one time.*
- **170,943 children entered** care during FY2024—about **468 children per day**.
- **176,730 children exited** care. Of those, 45% reunified with family, 27% were adopted, and 11% went to a guardian.
- **15,379 aged out with none of the above**—roughly 9% of all exits, or **42 young people every day** leaving care with no permanent family.
  - *Some coverage cites "more than 23,000 annually," a longer-run advocacy figure; the count has fallen as more states extend care past age 18.*
- **70,418 children** were awaiting adoption at the end of FY2024; 34,817 were both legally free for adoption and had adoption as their case plan.
- Children who exited care in FY2024 had spent an average of 710 days—just under two years—in care. More than one in three (64,121 children) had been in care more than two years, including nearly 35,000 for three or more years.

WHAT AGING OUT LOOKS LIKE

Decades of research document what happens when young people leave foster care without a family. On nearly every measure—housing, education, work, and justice-system involvement—their outcomes trail their peers' (Annie E. Casey Foundation).

- **Homelessness:** An estimated 20% become homeless the day they age out, according to the National Foster Youth Institute. A 2024 peer-reviewed study found 22%–30% experience homelessness during the transition to adulthood, against roughly 4% lifetime prevalence in the general population. Nearly a third of all homeless young adults spent time in foster care (Chapin Hall).

- **Incarceration:** Among youth who exited care at 17 or later, more than 40% were incarcerated by age 20 (2025 study, *Child Abuse & Neglect*). Seventeen percent of all state and federal prisoners spent time in foster care (U.S. Department of Justice).
- **Education:** Eight to 12% earn a college degree by their mid-to-late 20s, against 49% of the general population. One in five has no degree, certificate, or license of any kind at 21.
- **Work and wages:** Only 56% are employed at 21. By 26, they show 50% lower earnings and 20% lower employment than peers with comparable education (*Journal of Economic Perspectives*, 2022).
- **Early parenthood:** Twenty-two percent had a child by 21, against 5% of young adults generally.
- **The taxpayer cost:** Each young person who ages out costs an estimated $300,000 in lifetime social costs—public assistance, incarceration, and lost wages. At 15,379 youth, that is roughly **$4.6 billion per annual cohort**.

SUPPORT AFTER 18: PATCHY AND UNDERUSED

Federal and state programs for youth leaving care exist, but they are fragmented, underused, and—until now—none gave a young person an asset of their own.

- **Thirty-three states, D.C., and Puerto Rico** offer federally reimbursed extended foster care to 21 under the Fostering Connections Act, but the Annie E. Casey Foundation reports the option is underutilized, and eligibility generally requires work or school enrollment.
- The **Chafee program** ($143 million per year) funds transition services, plus roughly $43 million for Education and Training Vouchers worth up to $5,000 per year.
- **States keep handing the money back.** The Government Accountability Office found states returned about $42 million in Chafee funds from 2018 through 2022, plus $50 million of $400 million in pandemic-era funds—while eligible youth went unserved.
- The Trump Administration has moved to close the delivery gap: bipartisan Chafee modernization bills advanced through Ways and Means, a new Fostering the Future Fund recycles up to $32 million in unused funds, nine more states have stopped diverting foster children’s Social Security survivor benefits, and more than 1,400 housing vouchers have been issued under the Melania Trump Foster Youth to Independence program.

WHAT THE ACCOUNTS CHANGE

Fostering the Future Accounts shift the model from services to ownership: every child in state care can now hold an invested account in their own name, built by the state, family, employers, and charitable partners—and theirs at 18.

- Under IRS rules, children born from 2025 through 2028 receive a one-time **$1,000 federal contribution**; accounts accept up to $5,000 per year in additional contributions. States including Arkansas and Georgia have already committed to enrolling foster children.
- **The compounding case:** $1,000 invested at birth, at the market’s long-run return of roughly 10%, reaches about **$5,600 at age 18** (about $3,400 at a conservative 7%). If states, employers, or charities add $5,000 per year for a child in care from age 5 to 18, the account approaches **$108,000 at 18**.
- **For today’s teenagers in care, the value is ownership itself.** Most youth who age out entered care as teenagers, so compounding time is short—but for the first time, a young person leaving foster care can exit with an asset in their own name and a vehicle others can build on.