# BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1379
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Health & Human Services
4/17/2023
Committee Report (Substituted)

## AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Foster children face a number of difficulties throughout their time in the foster care system, both while in care and during the transition to independent living. These difficulties can have a significant impact on their well-being and future prospects.

One significant way we can aid children aging out of the system is to set them up for success before transition begins. Employment while still in high school can be a significant help to children by building work experience and financial stability. A significant hinderance to getting a job, however, is the lack of a bank account. Many companies emphasize direct deposit, requiring a bank account. Even if a student is paid by check or cash, not having a bank account makes money management extremely difficult. They are forced to cash checks at check cashing stores and carry cash around with them from home to home within the foster system. This presents a significant security risk, as well as a risk of losing their money in the moving process. These children are currently unable to get bank accounts because they do not have a reliable parent or guardian in their life who can serve as a cosigner for such accounts. Even the most trustworthy foster parent should not cosign such accounts because of the difficulties that will undoubtedly come should the child be reunified with their birth parent.

S.B. 1379 directs the Department of Family and Protective Services (DFPS) to establish a pilot program to assist foster children in achieving financial security and independence as they transition to independent living.

The program would involve DFPS entering into agreements with banks or other financial institutions to establish savings and checking accounts for participating foster children. The program should provide for ways to encourage the children to continue using these accounts after they are no longer eligible for the pilot program and transfer ownership and control of the accounts to the children when necessary. The program should also safeguard against overdraft or other fees, and provide financial coaching or mentoring. The accounts should also remain in the full ownership of the child after reunification, not the parents, to protect from fraud and coercion.

(Original Author's/Sponsor's Statement of Intent)

C.S.S.B. 1379 amends current law relating to a pilot program to increase the financial independence of foster youth who are transitioning to independent living.

## RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

## SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 264, Family Code, by adding Section 264.1215, as follows:

> Sec. 264.1215. PILOT PROGRAM FOR FINANCIAL TRANSITIONAL LIVING SERVICES. (a) Requires the Department of Family and Protective Services (DFPS) to

establish a pilot program to assist foster children to achieve financial security and independence as the children transition to independent living.

(b) Requires DFPS to enter into an agreement with one or more banks, credit unions, or other financial institutions to establish savings and checking accounts for foster youth who are at least 14 but not more than 21 years of age and participate in the pilot program. Requires that the agreement include the following terms:

(1) notwithstanding Section 34.305(c) (relating to authorizing a parent or legal guardian of a minor to deny the minor's authority to take certain actions), Finance Code, a requirement that foster youth participating in the program are the sole owner of the savings and checking accounts and are authorized to establish savings and checking accounts without a co-signor;

(2) a requirement that DFPS and the bank, credit union, or other financial institution together encourage the foster youth participating in the program to open or continue private savings and checking accounts once the participants are no longer eligible for the program;

(3) procedures to ensure the participants maintain ownership and control of the account at the time the participants exit the program;

(4) a requirement that the bank, credit union, or other financial institution provide to participants in the program a checking and savings account that does not require maintenance fees and cannot incur overdraft fees, nonsufficient funds fees, inactivity fees, or any other penalty fees; and

(5) options to make financial coaching or mentoring available to foster youth participating in the pilot program.

(c) Authorizes DFPS to seek to partner with persons, including nonprofit organizations or foundations, to match the amounts of money deposited into the foster youth savings and checking accounts under the pilot program. Requires that the matching funds be deposited directly into a youth's savings account.

(d) Authorizes DFPS and a person selected as a partner under Subsection (c) to jointly establish incentives to provide financial rewards to foster youth for actions performed by the youth.

(e) Requires DFPS to survey each foster youth who enters and exits the pilot program. Requires that the survey be designed to assess any changes in the youth's attitudes, perceptions, and knowledge about financial matters from the time the youth entered the program until the youth exited the program.

(f) Requires DFPS to complete an evaluation of the pilot program and submit a report on the evaluation of the pilot program conducted under this section to the governor, lieutenant governor, and speaker of the house of representatives as soon as the evaluation is complete but not later than December 31, 2027.

(g) Prohibits a foster youth from being denied the rights granted under Section 264.0111 (Money Earned by Child) to control money earned by the youth that is deposited into a savings or checking account under the pilot program.

(h) Requires DFPS, if DFPS is unable to enter into an agreement with a bank, credit union, or other financial institution, to include in the report required under Subsection (f) a description of any legal or practical barriers that must be addressed to ensure foster youth are able to participate in the pilot program and establish savings and checking accounts before the foster youth are no longer eligible for foster care services.

(i) Provides that this section expires January 1, 2028.

SECTION 2. Requires DFPS, as soon as practicable after the effective date of this Act, to establish the pilot program as required by Section 264.1215, Family Code, as added by this Act.

SECTION 3. Effective date: September 1, 2023.