

BILL ANALYSIS

C.S.H.B. 2645
By: Lujan
Human Services
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Foster youth can 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 to help children aging out of the system is to set them up for success before transition begins. For instance, 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 as a means of receiving a paycheck, which requires a bank account. Even if a student is paid by check or cash, not having a bank account makes money management extremely difficult and these youth 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. Many foster youth 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 co-signor.

C.S.H.B. 2645 seeks to require the Department of Family and Protective Services to establish a pilot program to assist foster youth in achieving financial security and independence as they transition to independent living by entering into agreements with financial institutions to establish savings and checking accounts for program participants and to encourage youth exiting the pilot program to open or continue private savings and checking accounts.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2645 amends the Family Code to require the Department of Family and Protective Services (DFPS) to establish a pilot program to assist foster youth to achieve financial security and independence as the youth transition to independent living. The bill 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. The bill requires the agreement to include the following terms:

- a requirement that foster youth participating in the program are the sole owner of the savings and checking accounts and may establish savings and checking accounts without a co-signor;
- a requirement that DFPS and the bank, credit union, or other financial institution together encourage 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;
- procedures to ensure the participants maintain ownership and control of the account at the time the participants exit the program;
- a requirement that the bank, credit union, or other financial institution provide to program participants 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
- options to make financial coaching or mentoring available to foster youth participating in the pilot program.

C.S.H.B. 2645 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 accounts under the pilot program and requires that such funds be deposited directly into a youth's savings account. The bill authorizes DFPS and the person selected as a partner to jointly establish incentives to provide financial rewards to foster youth for actions performed by the youth.

C.S.H.B. 2645 requires DFPS to survey each foster youth who enters and exits the pilot program using a survey 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.

C.S.H.B. 2645 requires DFPS to complete an evaluation of the pilot program and submit a report on the evaluation 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. If DFPS is unable to enter into an agreement with a bank, credit union, or other financial institution, DFPS is required to include in the report 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 they are no longer eligible for foster care services.

C.S.H.B. 2645 prohibits a foster youth from being denied rights granted under applicable state law to control money earned by the youth that is deposited into a savings or checking account under the pilot program.

The bill's provisions expire January 1, 2028.

EFFECTIVE DATE

September 1, 2023.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 2645 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute and introduced both require DFPS to enter into agreements with one or more credit unions or other financial institutions to establish the applicable savings and checking accounts, but the substitute also requires agreements with one or more banks.

The substitute makes the requirement for DFPS to enter into an agreement with institutions for the accounts with certain foster youth applicable to foster youth who are at least 14 but not more than 21 years of age, whereas the introduced did not include an age requirement for participation as a specific component of the agreement itself but instead set out a general requirement for program participation that DFPS include foster youth, including foster youth who are age 17 and older, as participants in the pilot program.

With respect to the provision shared by both the substitute and the introduced that provides for the inclusion in an agreement of a requirement for DFPS and the institutions to encourage youth participating in the program to open private savings and checking accounts once ineligible under the bill's provisions, the provisions differ as follows:

- the substitute makes the inclusion of this requirement in the agreement mandatory, while the introduced made inclusion of the requirement permissive;
- the substitute specifies that such a requirement included in the agreement is applicable to participants who are no longer eligible for the pilot program, whereas the introduced made the requirement applicable to participants who are no longer eligible for foster care services; and
- the substitute provides for the encouragement of participants to open or continue private savings and checking accounts once the participant is ineligible, whereas the introduced only provided for encouragement to open the accounts once the participant is ineligible.

The substitute includes provisions absent from the introduced requiring the agreement between DFPS and a financial institution to also include the following terms:

- a requirement that foster youth participating in the program are the sole owner of the savings and checking accounts and may establish savings and checking accounts without a co-signor;
- procedures to ensure the participants maintain ownership and control of the account at the time the participants exit the program;
- a requirement that the institution provide to program participants 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
- options to make financial coaching or mentoring available to foster youth participating in the program.

The substitute includes the following provisions, which did not appear in the introduced:

- a provision authorizing DFPS to seek to partner with persons, including nonprofit organizations or foundations, to match the amounts of money deposited into the foster youth savings accounts and requiring the matching funds to be deposited directly into a youth's savings account;
- a provision authorizing DFPS and the person selected as a partner to jointly establish incentives to provide financial rewards to foster youth for actions performed by the youth; and
- provisions requiring DFPS to survey each foster youth who enters and exits the pilot program 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.

The substitute changes the deadline for DFPS to complete the evaluation of the pilot program and submit the required report. Whereas the introduced set December 31, 2026, as the deadline, the substitute requires completion and submission as soon as the evaluation is complete but not later than December 31, 2027.

The substitution sets the bill's provisions to expire January 1, 2028, whereas the introduced did not include an expiration date.