

## **BILL ANALYSIS**

Senate Research Center  
88R6715 BDP-F

S.B. 1379  
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Health & Human Services  
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### **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.

As proposed, S.B. 1379 amends current law relating to a pilot program to increase the financial independence of foster children 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, 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, to enter into an agreement with a credit union or other financial institution to establish savings and checking accounts for foster children who, under an agreement with DFPS and the credit union or other financial institution, participate in the pilot program. Authorizes the agreement to include, as appropriate, the following terms:

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

(2) procedures to transfer ownership and control of the account to the participants exiting the program who are no longer eligible for foster care services;

(3) safeguards to prevent overdraft fees or any other fees that the foster child may incur;

(4) options to make financial coaching or mentoring available to foster children participating in the pilot program; and

(5) the age a foster child is authorized to participate in the pilot program without a co-signor.

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

(d) Authorizes DFPS and the person selected as a partner under Subsection (c) to jointly establish incentives to provide financial rewards to foster children for actions performed by the children, including college visits or attendance at financial education classes. Provides that the financial rewards are authorized to only be paid by the person and are not available for matching funds provided under Subsection (c).

(e) Provides that money that is authorized to be deposited in a foster child's savings and checking account established under the pilot program includes:

(1) money earned by the child through employment or allowance;

(2) gift money;

(3) money deposited by the child's foster parent or by a parent or other relative of the child;

(4) money received from the person selected as a partner under Subsection (c) as financial incentives or matching funds; and

(5) other money authorized under DFPS's agreement with the credit union or other financial institution.

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

(g) Requires DFPS to complete an evaluation of the pilot program not later than December 31, 2026.

(h) Requires DFPS to submit a report on the evaluation of the pilot program conducted under Subsection (g) 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, 2026.

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

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

(k) Provides that this section expires December 31, 2030.

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.