

## **BILL ANALYSIS**

Senate Research Center  
83R7843 JSL-F

S.B. 1589  
By: Zaffirini  
Health & Human Services  
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As Filed

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

Youth who turn 18 and age out of foster care often face “instant adulthood” and must be prepared to manage their own affairs, including their finances. In order to prepare youth in foster care to face the unique challenges that come with being independent at 18, they need early, frequent, and substantial opportunities for general financial education. This could include instruction on subjects applicable to their situation as a youth in foster care and assistance in setting up and utilizing financial tools such as savings accounts.

Despite legislation and guiding documents that emphasize the importance of financial literacy skills as they relate to foster care youth, opportunities for financial education when youth are in foster care are limited. S.B. 1589 improves the financial well-being of transitioning foster youth by encouraging them to obtain bank accounts and acquire the knowledge that will allow them to manage accounts properly, and by making benefits available to eligible youth who transition out of care. Additionally, current statute that requires experiential life skills tailored to youth would be strengthened by ensuring that topics youth have indicated they need for their financial well-being are included in the code. This bill will reinforce the intent of previous legislation as well as further the implementation of the “Rights of Children and Youth in Foster Care,” adopted as policy by the Department of Family and Protective Services.

As proposed, S.B. 1589 amends current law relating to assistance and education regarding personal finance for certain children in foster care.

### **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 Section 264.121, Family Code, by amending Subsections (a-1) and (f) and adding Subsection (a-2), as follows:

(a-1) Requires the Department of Family and Protective Services (DFPS) to require a foster care provider to provide or assist youth who are age 14 or older in obtaining experiential life-skills training to improve their transition to independent living. Deletes existing text authorizing experiential life-skills training to include training in balancing a checkbook. Makes nonsubstantive changes.

(a-2) Requires that the experiential life-skills training under Subsection (a-1) include a financial literacy education program that:

(1) includes instruction on obtaining and interpreting a credit score; protecting, repairing, and improving a credit score; avoiding predatory lending practices; saving money and accomplishing financial goals through prudent financial management practices; using basic banking and accounting skills, including balancing a checkbook; using debit and credit cards responsibly; understanding a paycheck and items withheld from a paycheck; and protecting financial, credit, and identifying information in personal and professional relationships; and

(2) assists a youth who has a source of income to establish a savings plan and savings account that the youth can independently manage.

(f) Requires DFPS to require a person with whom DFPS contracts for transitional living services for foster youth to provide or assist youth in obtaining certain services and a savings or checking account if the youth is at least 18 years of age and has a source of income. Makes nonsubstantive changes.

SECTION 2. Effective date: September 1, 2013.