

HB 2645 Will Help Youth Gain Financial Independence When They Leave Foster Care

Testimony to the House Human Services Committee

A key step towards setting up young people for financial independence when they leave foster care is ensuring they have a bank account.¹ There is an urgent need for youth entering adulthood to be well-equipped with tools to help them succeed and have better outcomes. HB 2645 will improve financial independence, literacy, and security for youth leaving foster care.

The pandemic has been extremely hard on older foster youth.² In 2021, Texas received \$9 million in pandemic aid for young adults who were once in foster care.³ One challenge with the distribution of funds was that some young people who aged out of foster care did not have a checking account to receive pandemic stimulus funds. Those distributing the relief funds had to develop alternatives so youth could receive the desperately needed help.

Young Texans needed this relief to avoid eviction, electricity or water shut off, or homelessness. Unfortunately, without bank accounts, these were the experiences of some young adults.⁴

Additionally, many young people in foster care cannot attain certain jobs because they cannot set up direct deposit, or they may be required to cash their checks, pay extra fees, and end up having a large amount of cash on them.⁵ That cash tends to get lost when they are moving from placement to placement or may get stolen if not properly secured.

HB 2645 directs DFPS to establish a pilot program to increase the financial independence of youth transitioning out of the foster care system. The agency would partner with one or more banks or other financial institutions to set up bank accounts for youth as young as 14. It also requires that youth participate in financial mentorship, which will increase their skills in money management. The bill also prioritizes youth being the sole owner of their bank accounts or ensures sole ownership will transfer to the youth once they become an adult if a co-signer is required.

¹ Texas Appleseed, "Foster youth say bank account access is a missing piece in their transition to independence" (2022), available at <https://www.texasappleseed.org/blog/foster-youth-say-bank-account-access-missing-piece-their-transition-independence>.

² Edgar Walters, "Life after foster care was already tough. Now these Texans are facing the coronavirus pandemic, too" (2020), Texas Tribune, available at <https://www.texastribune.org/2020/04/21/coronavirus-texas-foster-youth/>.

³ Texas Alliance for Child and Family Services, "Pandemic Aid is coming for Young Texans Who Were in Foster Care, (2021), available at <https://tacfs.org/pandemic-aid-is-coming-for-young-texans-who-were-in-foster-care/>.

⁴ Jennifer Pokempner and Sixto Cancel, "A Call to Action For Transition-Aged Foster Youth During the Pandemic" (2021), Think of Us, available at https://www.ylc.org/wp-content/uploads/2021/09/A-Call-to-Action-For-Transition-Aged-Foster-Youth-During-the-Pandemic-9_17-V7.pdf.

⁵ Texas Foster Youth Justice Project, Finances (2022), available at <https://texasfosteryouth.org/legal-resources/legal-resources-for-youth/finances/>.