One Voice Texas
A Collaborative for Health & Human Services

Children & Youth Services: Financial Literacy for Youth in Foster Care

Position Statement Approved by One Voice Texas: December 13, 2012

Issue/Concern:
Youth who turn 18 and age out of foster care often face "instant adulthood" and must be prepared to manage their own affairs, most importantly their finances. There are limited opportunities for financial education when youth are in foster care; the Texas Family Code and the Children's Protective Services Handbook are outdated and vague in reference to the basic set of financial subjects and experiences that should be provided to youth in foster care. In addition, although the Foster Care Bill of Rights includes the right of youth 16 and older to have a bank account in his/her own name, almost half of Texas youth who were previously in the foster care system reported not having a bank account.[1]

In order for youth in foster care to be prepared to face the unique challenges that come with being on their own at 18 they need early, frequent and substantial opportunities for general financial education, instruction on subjects applicable to their unique situation of a youth in foster care, and assistance in setting up and utilizing financial tools such as savings accounts.[2-4] By strengthening the financial literacy opportunities of youth in foster care we increase their chance of personal success as individuals and when they raise families of their own.

Specific Policy Recommendation(s):

- Update language about financial literacy in the Texas Family Code to reflect current financial education needs and interests of youth in foster care. Specifically, specify a minimum list of financial literacy subjects that must be provided as part of experiential life-skills training required of foster care providers, aging out seminars and the Preparation for Adult Living (PAL) program. Topics should include but not be limited to: how to protect, obtain, read and repair credit scores; how to avoid predatory practices; how to manage finances and save; how to use financial tools; how to protect finances, credit and identifying information in personal and professional relationships.
- Require that as part of the transitional planning process, youth who have a source of income receive assistance in opening a savings and/or checking account when they turn 18.
- Require that when appropriate and available, experiential opportunities provided to youth in foster care include assisting youth in creating a savings plan and establishing savings accounts.

How Will This Impact State Funding? What Can Be Accomplished?
Financially literate youth are able to increase their educational attainment and enhance their economic stability making them less likely to be dependent on state and federal resources and more likely to contribute to positive economic outcomes for the state of Texas. Specifically, savings have been found to decrease the occurrence of intergenerational poverty and increase opportunities for low-income children to become middle class adults.[4,5]

Others That Support These Recommendations:
Texas Network of Youth Services (TNOYS); Texas CASA; Texans Care for Children

Supporting Facts/Research Resources:

1. Texas Network of Youth Services. 2011. *Voice of Experience: Improving Mental Health Supports for Homeless and Transitioning Youth*. Available at: http://www.tnoys.org/Advocacy/documents/2011/VoicesofExperience.pdf.
2. National Governor's Association. 2010. *The Transition to Adulthood: How States Can Support Older Youth in Foster Care*. Available at: http://www.nga.org/files/live/sites/NGA/files/pdf/1012FOSTERCARE.PDF.
3. Youth in Foster Care Working Group/LBJ School of Public Affairs. 2012. *Financial Needs of Instant Adults: What Banks and Credit Unions Can Do to Help Youth Transitioning Out of Foster Care.*

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4. Center for Public Policy Priorities. 2012. *Saving Up*. Available at: http://library.cppp.org/files/2/2012_02_21_Texas_Saves_Week.pdf.
5. Reid Cramer, Rourke O'Brien, Daniel Cooper and Maria Luengo-Prado, November, 2009. *A Penny Saved is Mobility Earned: Advancing Economic Mobility through Savings*. Economic Mobility Project.

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