

1-1 By: Paxton S.B. No. 2034  
1-2 (In the Senate - Filed March 7, 2025; March 17, 2025, read  
1-3 first time and referred to Committee on Health & Human Services;  
1-4 April 7, 2025, reported favorably by the following vote: Yeas 9,  
1-5 Nays 0; April 7, 2025, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	Kolkhorst	X		
1-9	Perry	X		
1-10	Blanco	X		
1-11	Cook	X		
1-12	Hall	X		
1-13	Hancock	X		
1-14	Hughes	X		
1-15	Miles	X		
1-16	Sparks	X		

1-17 A BILL TO BE ENTITLED  
1-18 AN ACT

1-19 relating to the receivership of a single-source continuum  
1-20 contractor providing child welfare services.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 SECTION 1. Section 64.001(a), Civil Practice and Remedies  
1-23 Code, is amended to read as follows:

1-24 (a) A court of competent jurisdiction may appoint a  
1-25 receiver:

1-26 (1) in an action by a vendor to vacate a fraudulent  
1-27 purchase of property;

1-28 (2) in an action by a creditor to subject any property  
1-29 or fund to his claim;

1-30 (3) in an action between partners or others jointly  
1-31 owning or interested in any property or fund;

1-32 (4) in an action by a mortgagee for the foreclosure of  
1-33 the mortgage and sale of the mortgaged property;

1-34 (5) for a corporation that is insolvent, is in  
1-35 imminent danger of insolvency, has been dissolved, or has forfeited  
1-36 its corporate rights;

1-37 (6) for a single-source continuum contractor as  
1-38 provided by Subchapter B-2, Chapter 264, Family Code; or

1-39 (7) ~~[(6)]~~ in any other case in which a receiver may be  
1-40 appointed under the rules of equity.

1-41 SECTION 2. Chapter 264, Family Code, is amended by adding  
1-42 Subchapter B-2 to read as follows:

1-43 SUBCHAPTER B-2. RECEIVER FOR SINGLE-SOURCE CONTINUUM CONTRACTOR

1-44 Sec. 264.191. DEFINITIONS. In this subchapter:

1-45 (1) "Catchment area" has the meaning assigned by  
1-46 Section 264.152.

1-47 (2) "Community-based care contract" means a contract  
1-48 between a single-source continuum contractor and the department or  
1-49 the Health and Human Services Commission under Subchapter B-1.

1-50 (3) "Single-source continuum contractor" means an  
1-51 entity that has entered into a contract with the department or the  
1-52 Health and Human Services Commission under Subchapter B-1.

1-53 Sec. 264.1915. RECEIVER OF SINGLE-SOURCE CONTINUUM  
1-54 CONTRACTOR. A court of competent jurisdiction may appoint a  
1-55 receiver for a single-source continuum contractor or any of its  
1-56 parts, divisions, components, or companies on the petition of the  
1-57 department if:

1-58 (1) after being subject to a quality improvement plan,  
1-59 corrective action plan, or other remedial statutory or contract  
1-60 measures, the contractor continues to fail to satisfactorily  
1-61 perform under the community-based care contract;

(2) the contractor:  
 (A) provides the department notice of the contractor's intent to cease operations not later than the 60th day before the date the contractor intends to cease operations; and

(B) has not made arrangements for another single-source continuum contractor or the department to continue the uninterrupted provision of services under the community-based care contract;

(3) conditions exist, as determined by the department, within the contractor that present an imminent danger to the health, safety, or welfare of the children under the conservatorship of the department in the contractor's care;

(4) the contractor has failed to provide adequate information to the department regarding a child under the conservatorship of the department in the contractor's care;

(5) the contractor has failed to comply with a court order or incurred a sanction against the department due to failure to comply with a court order; or

(6) the contractor cannot meet or is unlikely to be able to meet financial obligations related to services provided under the community-based care contract, including financial obligations to employees, contractors, or foster parents.

Sec. 264.192. PROCEEDING TO APPOINT RECEIVER. (a) Except as otherwise provided by law, a court shall give precedence to a petition for the appointment of a receiver under this subchapter over other matters.

(b) A court shall conduct an evidentiary hearing on a petition for the appointment of a receiver under this subchapter not later than the fifth day after the date the petition is filed. The department shall make reasonable efforts to notify the single-source continuum contractor of the hearing under this subsection.

(c) A court shall grant a petition for the appointment of a receiver under this subchapter on finding that:

(1) one of the conditions described by Section 264.1915 exists; and

(2) the continued existence of the condition jeopardizes the health, safety, or welfare of a child under the conservatorship of the department.

(d) A court may grant a petition for the appointment of a receiver under this subchapter ex parte.

(e) The issuance of a check without sufficient money by the single-source continuum contractor or the existence of delinquent obligations for salaries, utilities, or essential services or commodities for the contractor is prima facie evidence that the contractor cannot meet or is unlikely to be able to meet financial obligations related to services provided under the community-based care contract as provided by Section 264.1915(6).

Sec. 264.1925. QUALIFICATIONS. (a) To be appointed as a receiver under this subchapter, a person must be qualified by education, training, or experience to carry out the duties of the receiver under this subchapter. Notwithstanding Section 64.021, Civil Practice and Remedies Code, a receiver appointed under this subchapter may be an employee of the department.

(b) A court must appoint a receiver selected from a list of qualified persons developed by the department and filed with the court.

Sec. 264.193. LIMITED DURATION; ASSESSMENT. (a) A receivership under this subchapter expires on the 90th day after the date a receiver is appointed, unless the department files a petition for a 60-day extension of the receivership with the appointing court on or before the date the receivership expires. The department may request multiple extensions under this subsection.

(b) On or before the 60th day after the date a receiver is appointed under this subchapter and every 60 days thereafter until the expiration or termination of the receivership, the department shall file with the appointing court an assessment of ability of the single-source continuum contractor under receivership to ensure

the health, safety, and welfare of the children under the conservatorship of the department in the contractor's care.

Sec. 264.1935. BOND. Notwithstanding Section 64.023, Civil Practice and Remedies Code, a receiver appointed under this subchapter who is an employee of the department is not required to execute a bond.

Sec. 264.194. POWERS AND DUTIES OF RECEIVER. (a) A receiver appointed under this subchapter shall take all actions:

(1) ordered by the appointing court; and  
(2) necessary to ensure the continued health, safety, and welfare of children under the conservatorship of the department in the care of the single-source continuum contractor under receivership, which may include:

(A) taking actions reasonably necessary to protect or conserve the assets or property of the contractor;

(B) using of the property of the contractor for the provision of care and services to children under the conservatorship of the department and their families in the applicable catchment area;

(C) entering into contracts with or hiring agents or employees to carry out the powers and duties of the receiver;

(D) directing, managing, hiring, or discharging employees or agents of the contractor; and

(E) honoring leases, mortgages, and contractual obligations of the contractor as those payments become due during the period of the receivership.

(b) Notwithstanding any other law and to ensure continuous provision of necessary services to children under the conservatorship of the department and their families, a contract entered into by a receiver acting in accordance with the receiver's duties under this section is not subject to advertising, competitive bidding, or proposal evaluation requirements.

(c) A receiver shall compensate an employee hired in accordance with this section at a rate of compensation, including benefits, approved by the appointing court.

(d) A receiver may petition the appointing court for temporary relief from obligations under a contract entered into by the single-source continuum contractor under receivership if:

(1) the rent, price, or rate of interest substantially exceeds a reasonable rent, price, or rate of interest at the time the contractor entered into the contract; or

(2) any material provision of the contract is unreasonable when compared to contracts negotiated under similar conditions.

(e) Any relief granted by a court under Subsection (d) is limited to the life of the receivership, unless otherwise determined by the court.

(f) A receiver appointed under this subchapter shall deposit all money related to the receivership in a separate account and shall use that account for all disbursements related to the receivership. A payment to a receiver of a sum owed to the single-source continuum contractor under receivership shall be considered a payment to the contractor with respect to the discharge of the obligation.

(g) A receiver who is not a department employee shall coordinate with the department to ensure:

(1) the continued health, safety, and welfare of the children in the department's conservatorship; and

(2) compliance with all state and federal laws relating to child welfare.

(h) A receiver shall make a reasonable effort to facilitate the continued operation of the community-based care program under Subchapter B-1 in the applicable catchment area.

Sec. 264.1945. COMPENSATION OF RECEIVER. The appointing court shall order compensation for a receiver appointed under this subchapter to be paid by the single-source continuum contractor under receivership. If the receiver is a department employee, the department shall pay the receiver the compensation ordered under this section and the single-source continuum contractor shall

reimburse the department.

Sec. 264.195. LIABILITY OF RECEIVER. (a) A person does not have a cause of action against a receiver appointed under this subchapter for an action taken within the scope of the receivership unless the cause of action arises from a breach of fiduciary duty or the gross negligence or intentional acts of the receiver.

(b) Notwithstanding Subsection (a), this section does not waive the sovereign immunity to suit and from liability of the department or a department employee acting in an official capacity.

Sec. 264.1955. OBLIGATIONS AND LIABILITY OF SINGLE-SOURCE CONTINUUM CONTRACTOR; SALE OR LEASE OF PROPERTY BY SINGLE-SOURCE CONTINUUM CONTRACTOR. (a) The appointment of a receiver under this subchapter does not relieve the single-source continuum contractor under receivership or any employee or agent of the contractor of:

(1) civil or criminal liability arising out of an act or omission that occurred before the appointment of the receiver;

(2) an obligation for the payment of taxes, operational or maintenance expenses, mortgages, leases, contractual obligations, or liens; or

(3) a duty imposed by law.

(b) A single-source continuum contractor under receivership may sell or lease a facility under receivership, subject to the approval of the appointing court.

Sec. 264.196. TERMINATION OF RECEIVERSHIP. (a) The appointing court may terminate a receivership if:

(1) the court determines that the receivership is no longer necessary because the conditions that gave rise to the receivership no longer exist;

(2) the department has entered into a new contract with a single-source continuum contractor and that contractor is ready and able to assume the duties of the single-source continuum contractor under receivership; or

(3) the department is ready and able to assume the duties of the single-source continuum contractor under receivership.

(b) Not later than the 60th day after the date a receivership is terminated or expires under this subchapter, unless such time is extended by order of the appointing court, the receiver shall file with the clerk of the appointing court a full and final and sworn account of:

(1) all property received by the receiver;

(2) all money collected and disbursed; and

(3) the expenses of the receivership.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2025.

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