



March 22, 2022

The Honorable Nancy Skinner
Chair, Senate Budget & Fiscal Review Committee
California State Senate
1021 O Street, Suite 8630
Sacramento, CA 95814

The Honorable Anna Caballero
Chair, Senate Budget Subcommittee #4
California State Senate
1021 O Street, Suite 7620
Sacramento, CA 95814



The Honorable Phil Ting
Chair, Assembly Budget Committee
California State Assembly
State Capitol P.O. Box 942849
Sacramento, CA 95814

The Honorable Wendy Carrillo
Chair, Assembly Budget Subcommittee #4
California State Assembly
1303 Tenth Street, Room 4167
Sacramento, CA 95814



Re: \$21M Foster Youth Tax Credit Proposal



CALIFORNIA ALLIANCE OF CAREGIVERS

Dear Senator Skinner, Senator Caballero, Assemblymember Ting, Assemblymember Carrillo and members of the Assembly Budget Subcommittee 4 on State Administration,



On behalf of a statewide coalition led by State Controller Betty T. Yee, John Burton Advocates for Youth and the CalEITC Coalition, the undersigned organizations write to express strong support for the Governor's \$21 million proposal to establish a Foster Youth Tax Credit and request the Legislature's inclusion of this proposal in their 2022-23 budget. This request of \$21 million (GF) ongoing, would establish a refundable tax credit for current and former foster youth between ages 18-25 that exited foster care on or after age 13.



The transition to adulthood is a challenging one, particularly for older youth in foster care. Unlike most young adults, they are navigating this transition alone, without the support of parents or an extended family. This, together with low rates of employment, lead to high rates of poverty: At age 21, 70.4% of foster youth live below the poverty line as compared to 50.9% of non-foster youth.ⁱ The pandemic has made matters worse, disproportionately impacting foster youth. One in five foster youth reported an episode of homelessness during the first year of the pandemic.ⁱⁱ Foster youth have also experienced high rates of job loss, school disruption and food insecurity.



The California Foster Youth Tax Credit is an effective strategy to assist foster youth during the pandemic and ensure they make a safe, supported transition to young adulthood. Structured under the California Earned Income Tax Credit program and modeled after the Young Child Tax Credit, approximately 20,000 youth and young adults would benefit from the credit. Key benefits of the California Foster Youth Tax Credit include:



Reduces poverty: Providing a \$1,000 tax credit to foster youth will increase their income and move them towards economic security. This income can help youth maintain their housing, school enrollment, food security and more.





Improves child well-being: Direct cash assistance programs like the California Foster Youth Tax Credit have been shown to improve the cognitive function of children living in low-income families. This is relevant for foster youth, over 40% of whom will become parents by age 23.ⁱⁱⁱ



Incentivizes tax filing: The creation of the California Foster Youth Tax Credit is a powerful incentive for foster youth to file their taxes, which has several positive impacts. These include enabling access to other federal tax credits, facilitating access to financial aid, identifying potential identity theft, and building economic literacy skills.^{iv}



As the legislature works together to meet the needs of all Californians, we respectfully request \$21 million (GF) in FY 2022-23 and ongoing for the Governor's Foster Youth Tax Credit, building on California's successful poverty reduction approaches of the California Earned Income Tax Credit and Young Child Tax Credit.

Sincerely,

John Burton Advocates for Youth (sponsor)

State Controller Betty T. Yee (sponsor)

CalEITC Coalition (sponsor)

Alliance for Children's Rights

Birkenstock Village

Calaveras County Office of Education

California Alliance of Caregivers

California Alliance of Child and Family Services

California Asset Building Coalition

California Coalition for Youth

California Youth Connection

Cambodian Association of America

Children's Advocacy Institute

Children's Defense Fund -- California

Children's Law Center of California

Children Now

Coalition for Responsible Community Development

Community College Foundation

Encompass Community Services

First Focus Campaign for Children

First Place for Youth

Friends Committee on Legislation of California

GLIDE

Golden State Opportunity





GRACE / End Child Poverty in California

Law Foundation of Silicon Valley

Lutheran Social Services of Northern California

National Association of Social Workers (NASW) California Chapter

National Center for Youth Law

Orangewood

Pivotal

Public Counsel

San Francisco, Court Appointed Special Advocates

Seneca Family of Agencies

Social Change Partners

St. Anthony's

Sycamores

Teen Leadership Foundation

Tenderloin Community School

The Children's Partnership

The Community College Foundation

United Way Bay Area

Youth Law Center

30 Individuals

CC:

Members and Staff of the Senate Budget & Fiscal Review Committee

Members and Staff of the Assembly Budget Committee

Senate President Pro Tempore Toni Atkins

Assembly Speaker Anthony Rendon

Mareva Brown, Office of the Senate President Pro Tempore

Kelsy Castillo, Office of the Speaker of the Assembly

Jeffrey Roth, Office of Senator Caballero

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Jay Chamberlin, Department of Finance
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Annette Kunze, Franchise Tax Board
Shane Hofeling, Franchise Tax Board
Angela Short, Legislative Analyst Office
Chas Alamo, Legislative Analyst Office
Cathy Senderling-MacDonald, County Welfare Directors Association
Diana Boyer, County Welfare Directors Association

ⁱ Courtney, M. E., Okpych, N. J., Park, K., Harty, J., Feng, H., Torres-Garcia, A., & Sayed, S. (2016, 2018 2020). Findings from the California Youth Transitions to Adulthood Study (CalYOUTH): Conditions of youth at ages 19, 21 & 23. Chicago, IL: Chapin Hall at the University of Chicago. <https://www.chapinhall.org/research/cal youth/>

ⁱⁱ John Burton Advocates for Youth. Hanging on by A Thread: The Cumulative Impact of the Pandemic on Youth Who Have Been in Foster Care or Homeless, May 2021. <https://jbay.org/resources/hanging-on-by-a-thread/>

ⁱⁱⁱ Courtney, M. E., Okpych, N. J., Park, K., Harty, J., Feng, H., Torres-Garcia, A., & Sayed, S. (2016, 2018 2020). Findings from the California Youth Transitions to Adulthood Study (CalYOUTH): Conditions of youth at ages 19, 21 & 23. Chicago, IL: Chapin Hall at the University of Chicago. <https://www.chapinhall.org/research/cal youth/>

^{iv} John Burton Advocates for Youth. How Tax Filing Benefits Foster Youth, May 2021. <https://jbay.org/resources/tax-filing-foster-youth/>