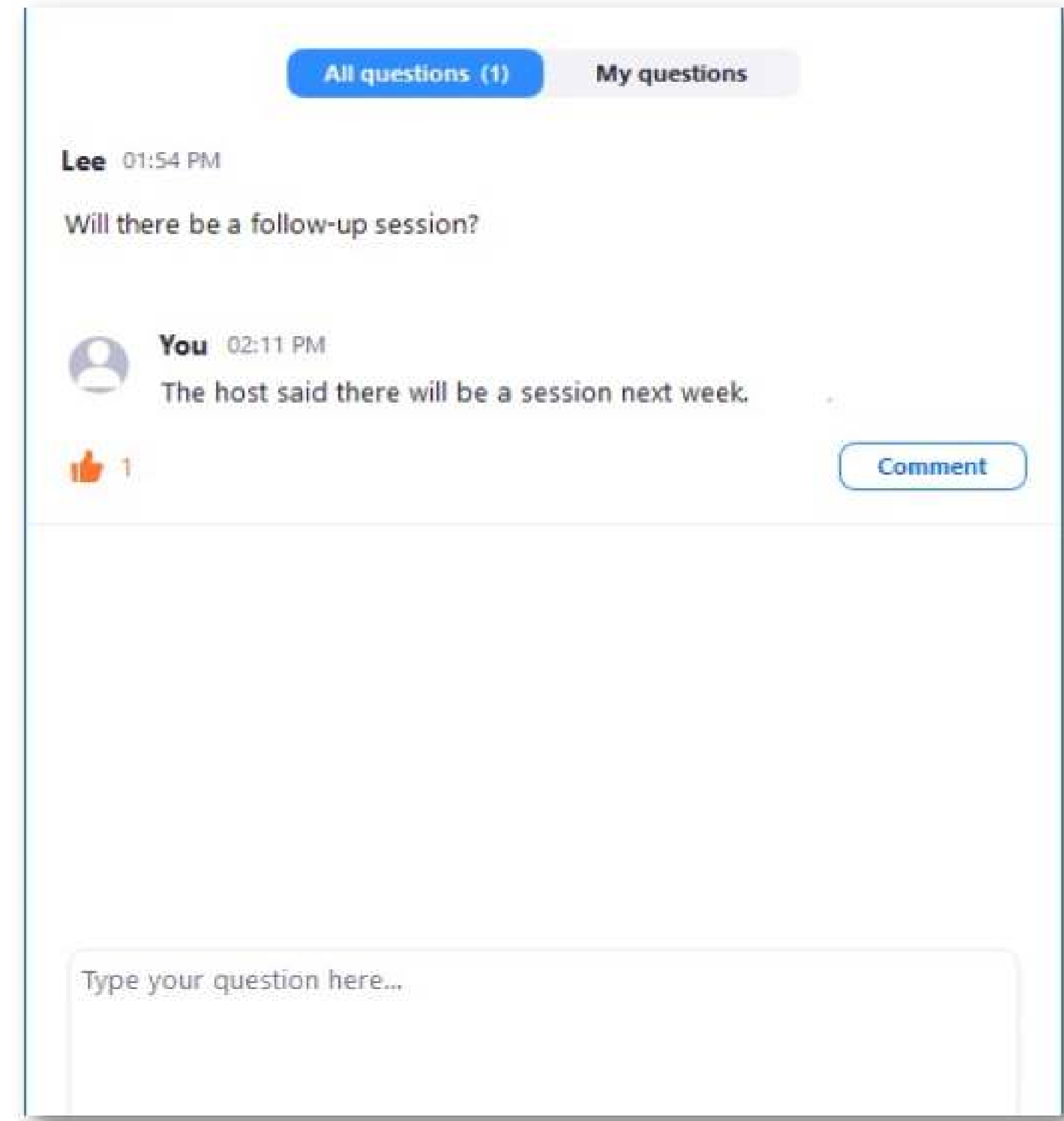


PILOT TO PRACTICE:

Lessons from Six Counties to Achieve Full Implementation of California's New Foster Youth Tax Credit

Using Zoom Webinar

- To submit questions, click on the Q & A icon on the control panel. The Q& A window will appear, allowing you to ask questions to the host and panelists.
- Webinar materials and recording will be posted at www.jbay.org in the resource library and sent out to all registrants following the live presentation.



Today's Agenda

- Introductions
- Foster Youth Tax Credit
- Project Overview
- Findings
- Recommendations
- Next Steps
- Q&A



TODAY'S PRESENTERS



Simone Tureck Lee

Director,
Housing & Health
John Burton Advocates
for Youth



Anna Johnson

Associate Director,
Housing & Health
John Burton Advocates
for Youth



Jenny Serrano

Director of Special Projects
Los Angeles County
Department of Children &
Family Services



Alexis Obinna

Advocate
VITA Volunteer
Former Foster Youth

New Report

Pilot to Practice:

Lessons from Six Counties to Achieve Full Implementation of California's New Foster Youth Tax Credit

➤ jbay.org/resources/six-counties-tax-project-report



PILOT TO PRACTICE:

CALIFORNIA'S NEW FOSTER YOUTH TAX CREDIT

LESSONS FROM SIX COUNTIES TO ACHIEVE FULL IMPLEMENTATION OF
CALIFORNIA'S NEW FOSTER YOUTH TAX CREDIT



AUGUST 2022

New Law

Senate Bill 201 – \$21 million

California's New Foster Youth Tax Credit

Establishes a **\$1,000** refundable tax credit for transition-age foster youth between ages 18 through 25 who were in care on or after age 13.

The [proposal](#) is supported by:

- State Controller Betty T. Yee
- Senator Anna Caballero
- John Burton Advocates for Youth
- CalEITC+ Coalition



Project Overview

Project Partners



- Alameda County Social Services Agency
- Contra Costa County Employment and Human Services Department
- Fresno County Department of Social Services
- Los Angeles County Department of Children and Family Services
- San Francisco Human Services Agency
- Santa Clara County Social Services Agency
- Bill Wilson Center
- Coalition for Responsible Community Development
- Court Appointed Special Advocates San Francisco
- First Place for Youth
- Focus Forward
- Fresno Barrios Unidos
- The Community College Foundation

Project Funders



- Conrad N. Hilton Foundation
- Golden State Opportunity
- Pritzker Foster Care Initiative
- Tipping Point Community
- United Way Bay Area
- United Way of Fresno and Madera
- United Ways of California
- Walter S. Johnson Foundation



Project Activities



- 1 Established Volunteer Income Tax Assistance (VITA) sites dedicated to youth
- 2 Recruited and trained volunteer tax preparers, county staff, and providers
- 3 Held virtual and in-person appointments and tax filing events
- 4 Developed and promoted youth-friendly outreach materials
- 5 Documented findings and developed recommendations

Recent Changes to State and Federal Tax Credits

1

Expansion of the California Earned Income Tax Credit

- 18- to 24-year-olds who are not custodial parents are now eligible to receive hundreds of dollars in state tax credits if they earn \$1-\$30,000.

2

In 2021, Congress modified the federal Earned Income Tax Credit program.

- Expanded eligibility for current and former foster youth and homeless youth ages 18-24, and full-time students ages 19-24 who were not previously eligible; may be eligible for hundreds to thousands of dollars in tax credits.

3

Establishment of the Foster Youth Tax Credit

- 18- through 25-year-olds who were in care on or after age 13 will receive up to \$1,000 if they qualify for the CalEITC.

4

Both the state and federal governments established child tax credits and removed income requirements.

- Parenting youth can now receive California's Young Child Tax Credit and the federal Child Tax Credit, together totaling up to \$4,600 per child.

Findings



YOUTH LEVEL FINDINGS



Finding 1:

Tax filing completed through the project increased the annual income of participants by an average of **15%**.

- \$2,795 average tax refund and rebate.
- Average income increased from \$15,948 to \$18,742.
 - 31% for custodial parents
 - 10% for noncustodial parents
- Federal credits account for 81% of cash back received.
- Youth expressed relief noting extra funds would secure safe housing, car repairs, food, bunk beds and more.



Finding 2:

Youth who were custodial parents experienced a 31% increase in their income.

- \$7,795 average tax refund and rebate.
- Average increase in youths' annual income from \$16,905 to \$24,700.
- Youth expressed relief noting extra funds would secure safe housing, car repairs, food, bunk beds and more.



Finding 3:

Half (50%) of filers recovered a missed 2021 federal stimulus payment.

- \$1,400 per eligible filer and child claimed on the return.
- 104 filers recovered \$162,200.

TABLE 1. FEDERAL STIMULUS AMOUNTS IN 2020 AND 2021

HOW MANY CHILDREN DO YOU HAVE?	FEDERAL STIMULUS			
	DID YOU EARN LESS THAN \$75,000?	DID YOU RECEIVE THE FIRST PAYMENT IN 2020?	DID YOU RECEIVE THE SECOND PAYMENT IN 2020?	DID YOU RECEIVE THE THIRD PAYMENT IN 2021?
None	\$75,000	\$1,200	\$600	\$1,400
1	\$75,000	\$1,700	\$1,100	\$2,800
2	\$75,000	\$2,200	\$1,700	\$4,200
3	\$75,000	\$2,700	\$2,300	\$5,600

Finding 4:

Every filer is income eligible for a one-time California tax rebate called the Middle-Class Tax Refund.

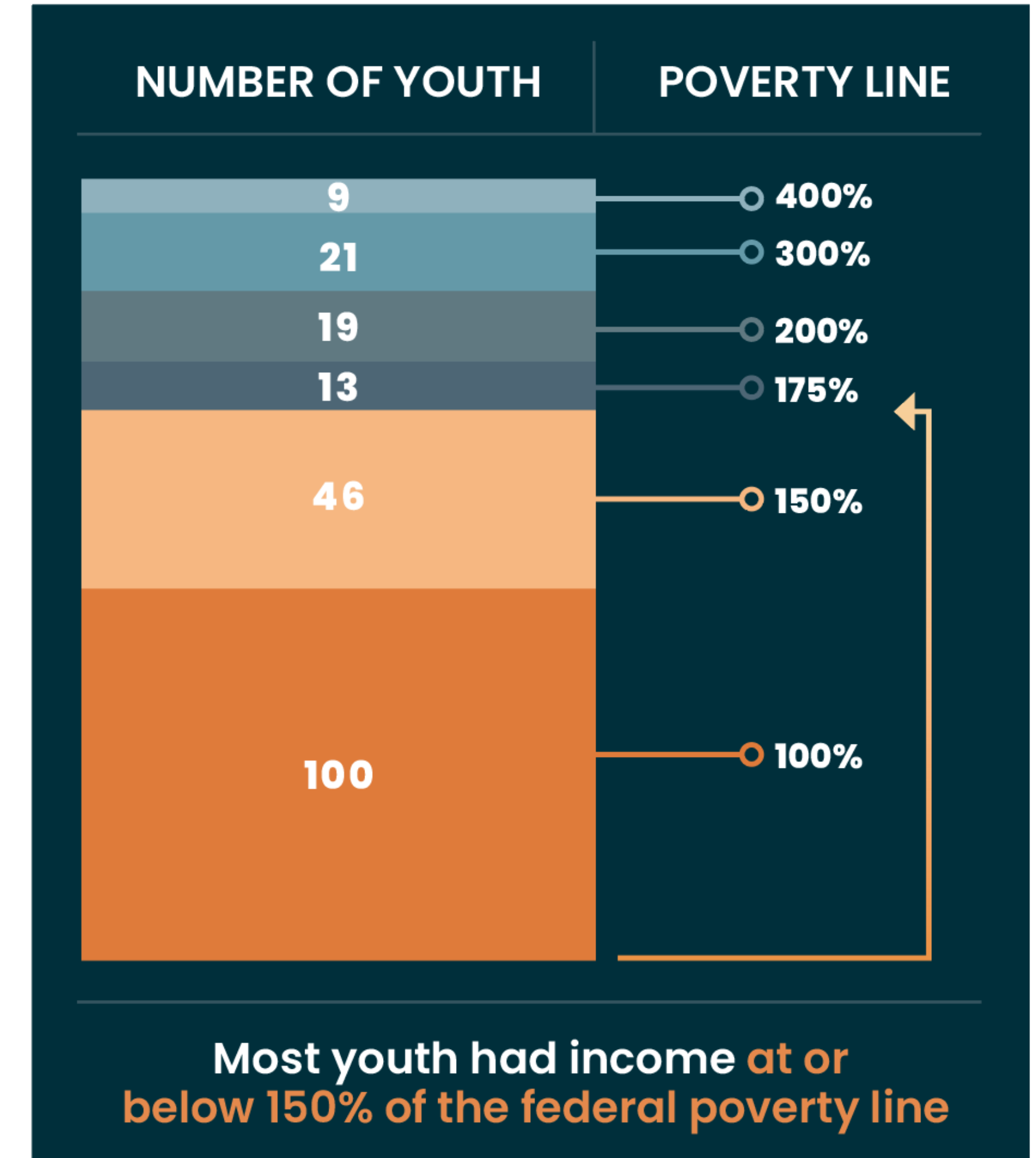
- \$9.5B will go to 23 million Californians this fall.
- The maximum rebate is:
 - \$350 for single filers
 - \$700 for head of household filers
- The rebate could provide a collective \$81,900 in added income to filers with the project.



Finding 5:

Seventy percent of filers had annual income below 150% Federal Poverty Level.

- \$15,948 average adjusted gross income.
- This means most filers are:
 - Income eligible for other public benefits
 - Extremely Low-Income Renters
- 5% of filers had no earned income.



Finding 6:

Just over half (52%) of filers had income above the legal filing threshold.

- \$12,550 for single filers.
- \$18,800 for head of household filers:
- Filers saved \$\$\$ by filing for free with the project.



Finding 7:

Four out of five (80%) filers had bank accounts.

- Direct deposit refunds arrive within 2–3 weeks.
- 20% did not have a bank account. Refunds were received:
 - Paper check
 - Prepaid debit card
 - Alternative method like Chime, CashApp, PayPal



Finding 8:

Six percent of filers experienced identity theft and/or tax fraud.

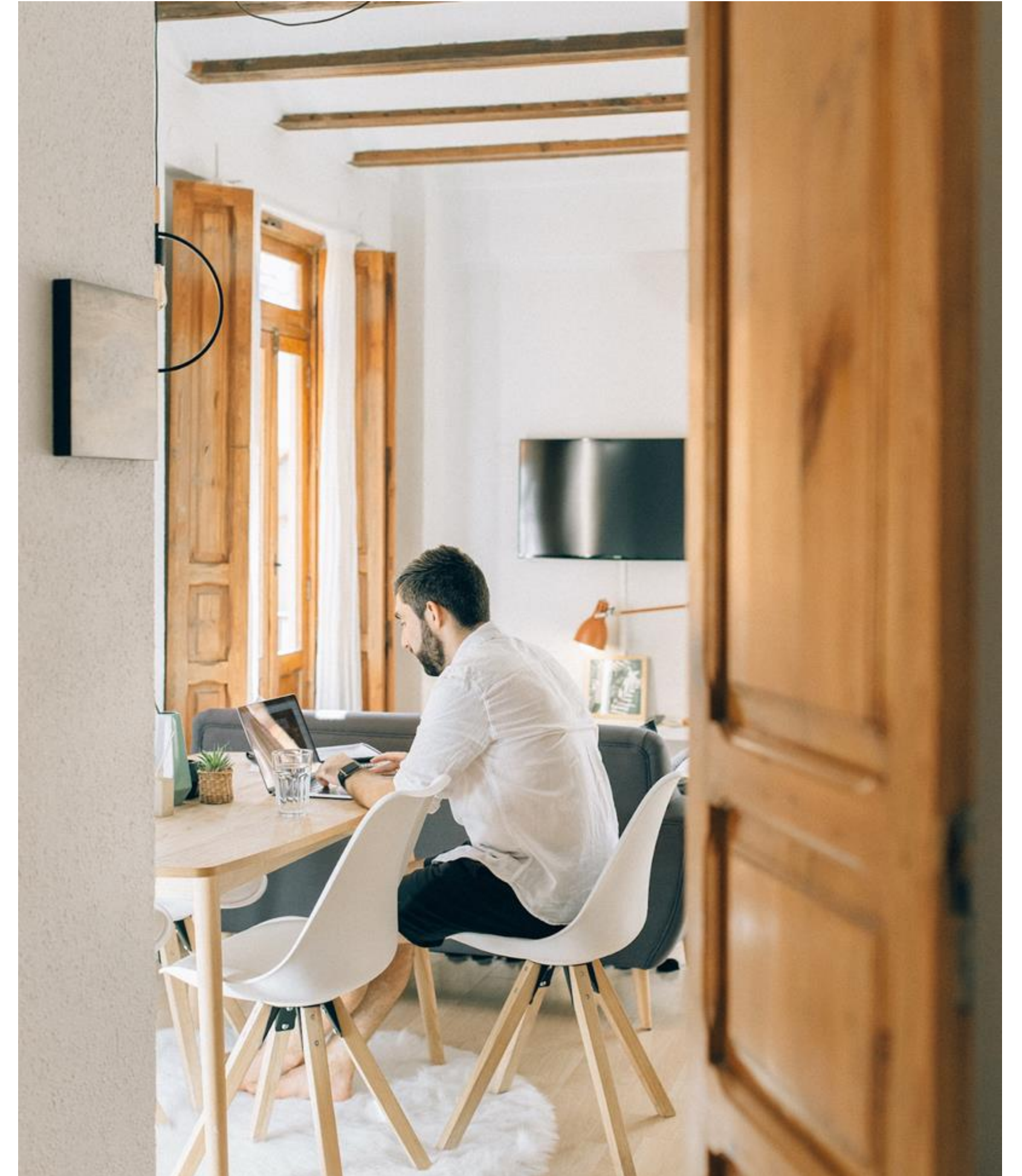
- Paper filing is required and delays refunds.
- Fraud was resolved by:
 - Referring youth to legal services
 - Support from Low Income Taxpayer Clinics
 - Setting up an Identity Theft Protection Pin



Finding 9:

One in ten (10%) filers owed federal taxes.

- Average amount owed \$769.
- 5% owed state taxes averaging \$242.
- Common reasons for owing taxes were:
 - Too little withholdings from paychecks
 - Incorrectly completing a W-4 form
 - Self-employment income tax
 - Receiving unemployment without taxes withheld



Findings 10, 11, and 13:

Filers were generally **unaware** of education, childcare, and self-employment expenses and claiming available credits.

- American Opportunity Tax Credit and Lifetime Learning Credit
- Child and Dependent Care Credit
- Schedule C Business Expenses



Finding 12:

Seventy percent of filers had worked in 2021 and most qualified for earned income tax credits.

- 63% qualified for the EITC for an average \$1,073.
- 65% qualified for the CalEITC for an average \$172.



TAX CREDIT OR REBATE	% OF YOUTH WHO RECEIVED IT	TOTAL AMOUNT REFUNDED	AVERAGE TAX CREDIT OR REBATE
Federal Child & Dependent Care Credit	3%	\$2,000	\$2,000
California Young Child Tax Credit	9%	\$18,000	\$1,000
Federal Child Tax Credit	13%	\$85,356	\$3,161
Federal Education Credits	19%	\$24,926	\$623
Recovery Rebate Credit	50%	\$162,200	\$1,545
Federal Withholdings Refunded	60%	\$46,564	\$373
Federal Earned Income Tax Credit	63%	\$141,629	\$1,073
California Earned Income Tax Credit	65%	\$23,353	\$172
California Tax Rebate*	100%	\$81,900	\$393
Previous Year Tax Returns Filed** (2018, 2019, 2020)		\$58,277	\$1,534
TOTAL		\$628,538	\$2,789

* The California Middle Class Tax Refund rebate will be distributed between October 2022 and January 2023 to eligible filers. All filers with the project had income less than \$75,000 and will qualify for the maximum amount.

** Forty-two youth filed previous year tax returns in 2022. Tax credit and threshold information varies annually and therefore the data from these returns is not reflected in the other rows of the table in Figure 3.



Jenny Serrano

Director of Special Projects Youth Development Services Division

SERVICE LEVEL FINDINGS



Finding 14:

A minimum of 4.5 hours of support were provided to first-time filers.

- Step-by-step assistance was provided.
 - Personalized outreach
 - Document gathering
 - Appointment scheduling & reminders
 - Finishing & signing the return
- Youth commonly needed assistance with missing documents, including:
 - Photo identification
 - Social security cards or ITINs
 - Tax documents like w2, 1099, or 1098-T forms



Finding 15:

More than half (52%) of youth who filed in 2021 returned in 2022 for support with filing.

- Santa Clara County's site – The Hub had many returning filers.
- Partner organizations are building rapport and their client-base for following years.



Finding 16:

The most effective tax outreach strategy was support from a trusted adult.

- Effective outreach strategies included:
 - 1:1 conversations with youth and a trusted adult supporter
 - Direct messaging & phone calls
 - Appointment scheduling for the youth
 - Flyering and social media outreach



Finding 17:

Offering monetary incentives resulted in fewer missed appointments.

- Sites that offered \$50 gift cards had better appointment attendance and completion.
- Food and raffle prizes also helped encourage attendance for in-person events.
- VITA grant funding cannot pay for these incentives, so JBAY provided supplemental flexible funding to project partners.



Finding 18:

The project served **less than 1%** of the total statewide population of transition-age foster youth.

- To ensure adequate filing support for all 18 through 25-year-olds additional strategies are required to connect youth to free filing.
 - Local VITA sites
 - Self-filing support
 - Tax filing events



Finding 19:

Sites dedicated at least **one full-time equivalent** staff to operate each VITA site.

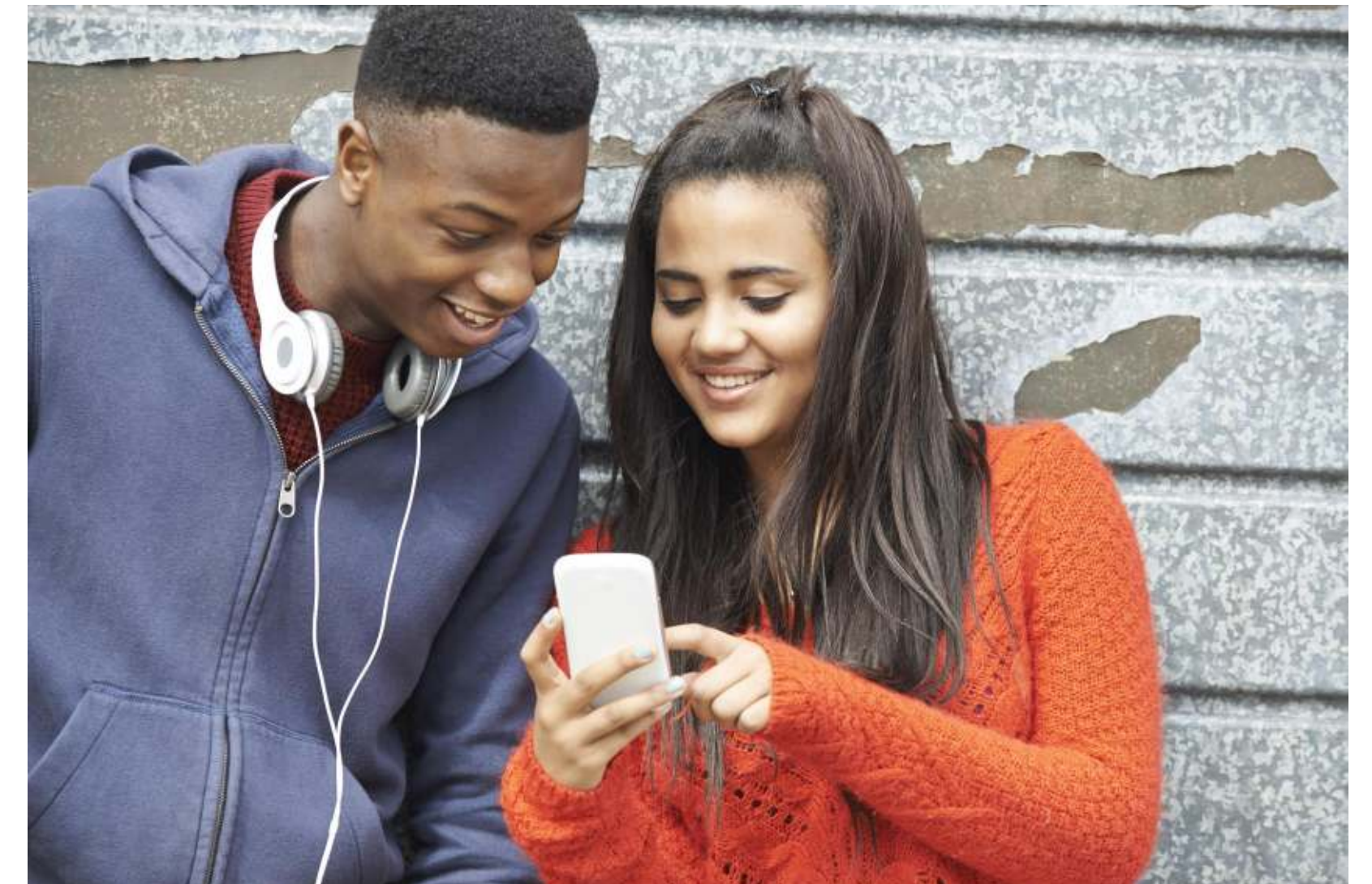
- Site coordinators and outreach coordinators dedicated significant time during the tax season to operate.
- Staff completed IRS certification and training.
- Site coordinator duties include:
 - IRS paperwork submission
 - Managing site schedule, appointments, and volunteers
 - Conducting intake, scheduling, and problem-solving issues
 - Referral to legal support in the case of identity theft



Finding 20:

Some youth lacked phone, computer, or internet access, requiring in-person appointments.

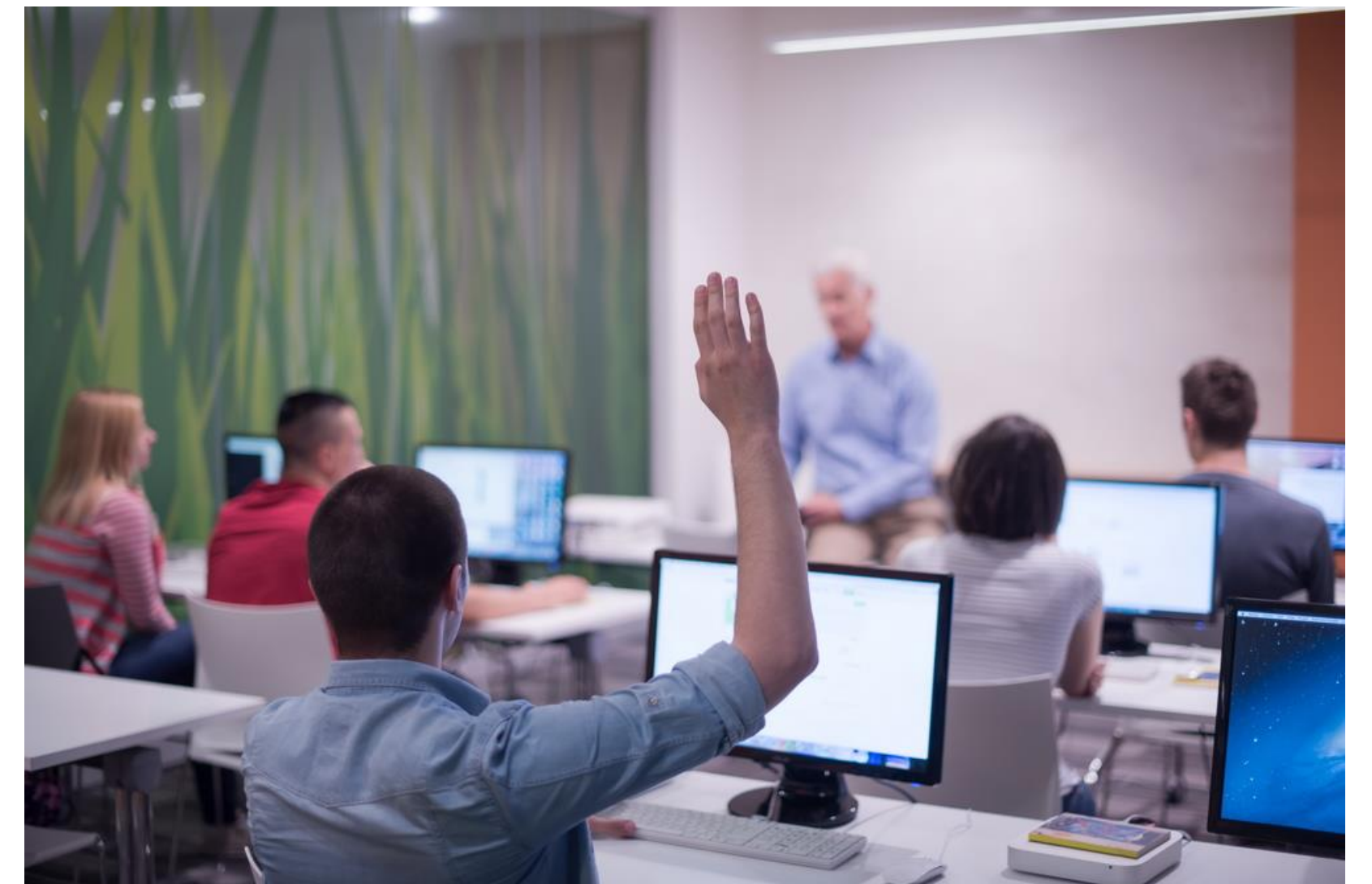
- Sites offered days or events following indoor mask mandates.
- Sites referred youth to free phone and laptop programs.



Finding 21:

One in three (33%) volunteers recruited completed the training process.

- New volunteers require significant support to navigate IRS, specialized foster care, and logistics training.
- Annually volunteers must pass a series of tests.
 - Volunteer Standards of Conduct and Ethics
 - Intake and Interview Sheet
 - Basic or Advanced certification



Finding 22:

Volunteers completed **20 hours** of IRS training and an additional **3 hours** of specialized training on foster youth.

- Topics included:
 - Clarifying foster care payments are not counted as income
 - How to help youth navigate difficult questions related to being a single filer or dependent on someone else's return
 - Being an eligible custodial parent
 - Credits youth are commonly eligible for
 - Strategies to encourage youth to file



Finding 23:

Santa Clara County's site, the Hub, retained **eight out of nine (88%)** volunteers from the prior tax season.

- Factors contributing to their returning include:
 - Appreciation for the site coordinators organizational skills
 - The positive impact they had in reducing youth poverty
 - Supporting youth financial literacy



Finding 24:

IRS-certified VITA volunteers are not trained on completing the state tax return.

- Project staff provided guidance on:
 - Answering health coverage questions
 - Claiming the renter's credit
 - Double checking CalEITC eligibility



Finding 25:

Child welfare agencies and partners conducted outreach to **over 1,000** peers.

- Increased awareness of tax filing, credits, and how to refer youth to an appointment.
- 1:1 conversations and staff training increased the rate of referrals to tax appointments.
- Role playing conversations helped boost staff comfort with discussing tax filing.



Finding 26:

Child welfare agencies helped recruit **162 individuals** interested in VITA volunteering.

- Volunteer recruitment plans included:
 - College campus programs for accounting
 - Court Appointed Special Advocates
 - Junior League of America
 - Financial institutions, like banks and credit unions
 - Volunteer Match
 - County and partner listservs and newsletters



Finding 27:

Formal partnerships with Low Income Taxpayer Clinics or tax attorneys were lacking.

- Most partners did not have a formal partner in place to refer youth experiencing tax fraud or identity theft.
- Santa Clara's partnership with Law Foundation of Silicon Valley has helped.
- Clinics were at capacity or had long wait times for appointments.





ALEXIS OBINNA

ADVOCATE, VITA Volunteer, Former Foster Youth

Recommendations

To Ensure Full Implementation of the Foster Youth Tax Credit

RECOMMENDATION – 1

Community-Based Organizations

Apply for local, state, and federal funding to become a specialized VITA site for foster youth.

- IRS VITA Grant Opportunity
 - Applications are due in Spring for VITA site operations serving low-income and hard-to-reach filers.
- California Department of Community and Services and Development (CSD) Notice of Funding Availability
 - CSD grants out state funding to several organizations.
 - Mini-grant applications take place in the fall.

RECOMMENDATION – 2

Community-Based Organizations

Recruit and train VITA volunteers on the state return process to claim the Foster Youth Tax Credit.

- IRS certification does not cover state return details.
- Training for volunteers should include:
 - Eligibility rules
 - How to confirm eligibility
 - Verification documents and process
 - Instructions for claiming the credit
 - Contact information for questions

RECOMMENDATION – 3

Community-Based Organizations

Offer youth incentives and resources for participation in tax filing appointments, events, and classes.

- Incentives can include:
 - Gift cards
 - Food
 - Transportation
 - Childcare
 - Translation

RECOMMENDATIONS

Community-Based Organizations



4. Partner with legal aid and Low Income Taxpayer Clinics to assist youth experiencing identity theft.



5. Maximize public benefits by scheduling follow up appointments for filers to apply for assistance.

RECOMMENDATION – 6

Child Welfare Agencies

Establish county policy and protocol requiring case managers to refer current and former foster youth to a free tax filing appointment.

- Trusted adult supporters can assist youth with scheduling a free appointment.
- County protocol could include:
 - Tax season, filing, and credit information
 - Staff and provider training
 - Outreach and appointment referrals
 - Independent Living Program classes
 - Participation in tax events

RECOMMENDATION – 7

Child Welfare Agencies

Provide a series of financial and tax literacy classes.

- Independent Living Programs (ILP) can partner with financial literacy specialists to provide classes or mentoring.
 - Benefits of tax filing
 - Preparing to file
 - Setting up a checking and savings account
 - Budgeting skills
 - Accounting and receipt saving
 - Driver's licenses and state identification cards
 - Replacing lost or stolen documents

RECOMMENDATIONS

Child Welfare Agencies



8. Assist transition-age foster youth with securing their driver's license, social security card, and other vital documents.



9. Maximize public benefits by scheduling follow up appointments for filers to apply for assistance.



10. Provide current and former foster youth with technology including phone, computer, and internet so they can participate in virtual tax appointments.

RECOMMENDATIONS

State Policy



11. Issue an annual report on the Foster Youth Tax Credit that disaggregates data.



12. Issue state guidance directing county child welfare agencies to share information on the Foster Youth Tax Credit.



13. Direct state outreach and education funds to raising awareness and maximizing participation in the Foster Youth Tax Credit.

RECOMMENDATIONS

State Policy



14. Raise the minimum California Earned Income Tax Credit (CalEITC) amount for single filers.



15. Adopt Assembly Bill 2306 which would require referrals to tax literacy classes and tax filing services for youth in child welfare.



16. Create a simplified state tax filing tool for low-income filers.

RECOMMENDATIONS

Federal Policy



17. Permanently expand the Earned Income Tax Credit.



18. Permanently expand the Advanced Child Tax Credit.



19. Provide additional funding through the John H Chafee Foster Care Program Successful Transition to Adulthood.



20. Provide additional funding for Low Income Taxpayer Clinics to support foster youth.

FYTC Next Steps

Ways to Participate in the 2022–23 California Foster Youth Tax Project

JBAY is Expanding the CA Foster Youth Tax Project

JBAY will be partnering with 20 counties and several nonprofit organizations to:

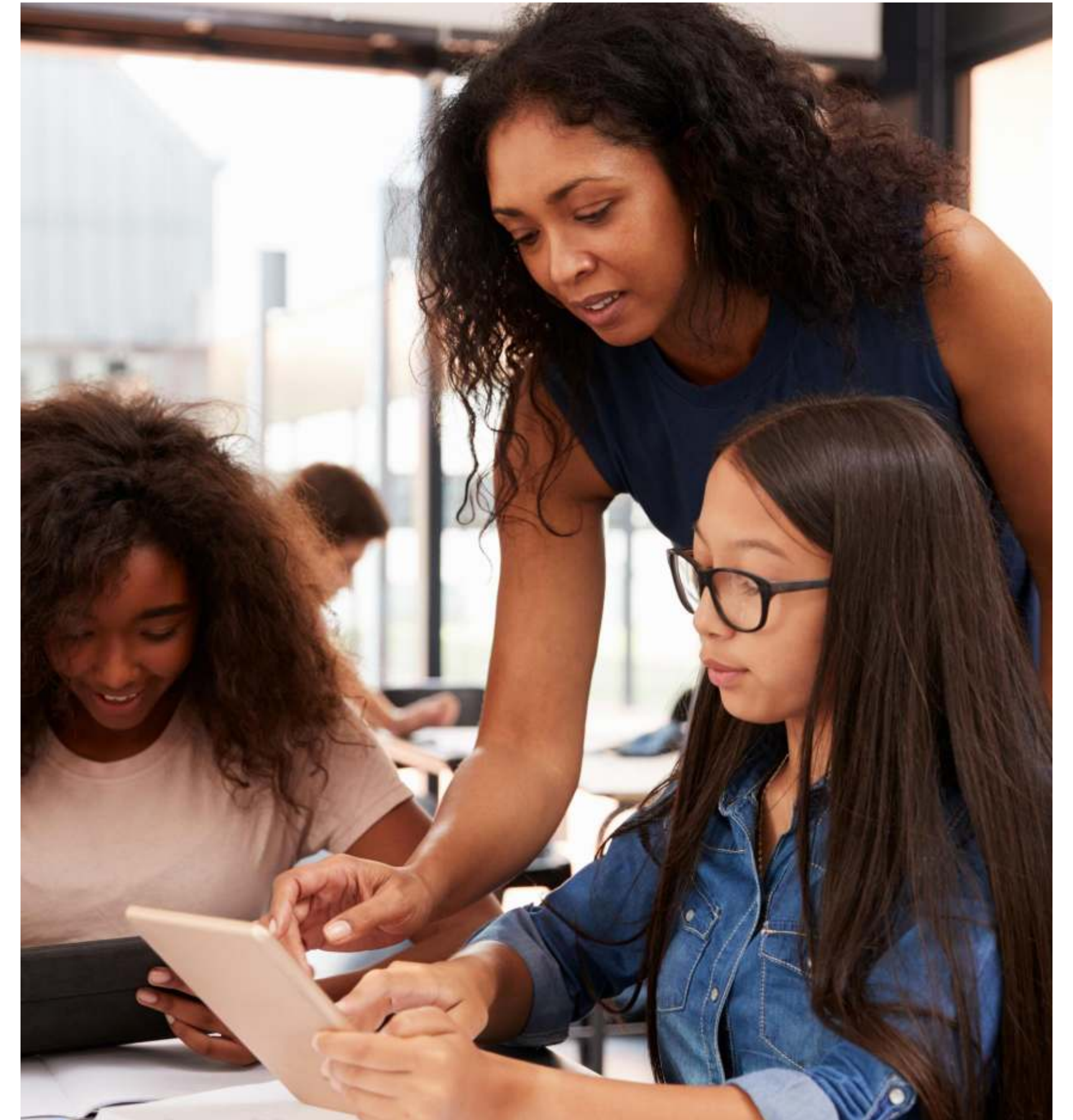
- Establish county policy and practice
- Establish a local VITA site or partnership
- Apply for local and state funding
- Train staff and volunteers
- Disseminate Foster Youth Tax Credit outreach
- Refer foster youth to services



County & Nonprofit Partners

Next steps include:

- Sign up on the interest form [here](#)
- Submit a letter of participation by September 30th
- Attend a November virtual planning session
- Develop Foster Youth Tax Credit Outreach Plan
- Apply for mini-grant funding
- Establish a VITA site dedicated to foster youth
- Recruit volunteers
- Attend IRS and specialized training



Legal Partners

Next steps include:

- Register for the Alliance for Children's Rights Webinar: [Protecting the Financial Future of Foster Youth – An Advocate's Guide to Addressing Foster Youth Identity Theft](#)
 - ❑ 9/21/22 from 10:00 a.m. – 11:30 a.m.
- Sign up for information and trainings from Public Law Center's Federal Tax Clinic [here](#)
- Connect with local Low Income Taxpayer Clinics [here](#)



Become a VITA Volunteer

Register here to become a volunteer for the Foster Youth Tax Project for the 2023 tax season:

- [Sign up to help foster youth:](https://form.jotform.com/202575752822054)
<https://form.jotform.com/202575752822054>
- Attend Free Online Training & Office Hours
- Take the Certification Test
- Choose a weekly volunteer day and time
- Circulate the [flyer](#) to recruit volunteers



Attend the IRS Symposium for Foster and Homeless Youth

Thursday September 22, 2022
2:00 p.m. EST

➤ www.webcaster4.com/Webcast/Page/1104/46444

Thursday September 29, 2022
2:00 p.m. EST



The IRS EITC flyer provides information about the Earned Income Tax Credit. It includes the IRS logo and the text "Life's a little easier, with eitc earned income tax credit". The flyer is divided into several sections: "Are you eligible to claim the EITC for 2021?", "Here are the rules to claim the credit...", "The EITC is for working people who earn less than \$57,414. This year, the amount of the credit you could receive is up to \$6,728 if you claim qualifying children or up to \$1,502 if you don't claim qualifying children. The amount of the credit depends on:", "Just imagine what you could do with the EITC." (with an illustration of a money bucket), "Do you have a qualifying child who lives with you?", "To be a qualifying child for the credit...", "Did you double check your facts?", "Here are common errors to avoid...", "If you claim the EITC, the IRS can't release your refund until mid-February. Errors on the tax return can cause a delay in processing your claim for the tax credits.", "Do you want help with the EITC?", "Go online or call us toll free...", and "See if you qualify. www.irs.gov/eitc". The flyer also includes a QR code and the text "Publication 962 (Rev. 12-2021) Catalog Number 13772B Department of the Treasury Internal Revenue Service www.irs.gov".

Are you eligible to claim the EITC for 2021?

Here are the rules to claim the credit . . .

- Generally must be a U.S. citizen or resident alien all year
- Must work and have earned income
- Must have a valid Social Security number issued on or before the due date of the return (including extensions)
- May not have more than \$10,000 of investment income (such as interest)
- Married but separated taxpayers who don't file a joint return may qualify to claim the EITC if they have a qualifying child and if they meet certain other requirements.
- May not be a qualifying child of another person
- May not file Form 2555 (related to foreign earned income)

You have to file a federal income tax return to get the EITC even if you owe no tax or are not required to file. The EITC provides a boost to help pay your bills or save for a rainy day.

Did you meet the rules?

If so, your earned income must be less than . . .

- \$21,430 (\$27,380 if married filing a joint return) with no qualifying children who have valid SSNs
- \$42,158 (\$48,108 if married filing a joint return) with one qualifying child who has a valid SSN
- \$47,915 (\$53,865 if married filing a joint return) with two qualifying children who have valid SSNs
- \$51,464 (\$57,414 if married filing a joint return) with three or more qualifying children who have valid SSNs

Special rules may apply for members of the U.S. Armed Forces in combat zones, members of the clergy, and those with disability retirement income.

Do you have a qualifying child who lives with you?

To be a qualifying child for the credit . . .

- The child must meet the relationship, age, residency, and joint return tests described at www.irs.gov/eitc or in Publication 596, Earned Income Credit.

Did you double check your facts?

Here are common errors to avoid . . .

- Claiming a child as a qualifying child who does not meet the relationship, age or residency tests
- Underreporting or overreporting income or expenses
- Social Security number and last name mismatches

If you claim the EITC, the IRS can't release your refund until mid-February. Errors on the tax return can cause a delay in processing your claim for the tax credits.

Do you want help with the EITC?

Go online or call us toll free . . .

- Go to www.irs.gov/eitc for free information and to check out the Interactive EITC Assistant to see if you qualify for the credit and estimate the amount of your EITC.
- Visit a Volunteer Income Tax Assistance (VITA) site for free tax help and preparation. Go to www.irs.gov/VITA or call 1-800-906-9887 to find a site.
- Use Free File at www.irs.gov/FreeFile for free online filing through commercially available tax preparation software.
- Go to www.irs.gov/chooseatapro to help locate a qualified tax return preparer.
- Call 1-800-829-4059 if you have access to TTY/TDD equipment for the hearing impaired.

See if you qualify.
www.irs.gov/eitc

Publication 962 (Rev. 12-2021) Catalog Number 13772B Department of the Treasury Internal Revenue Service www.irs.gov

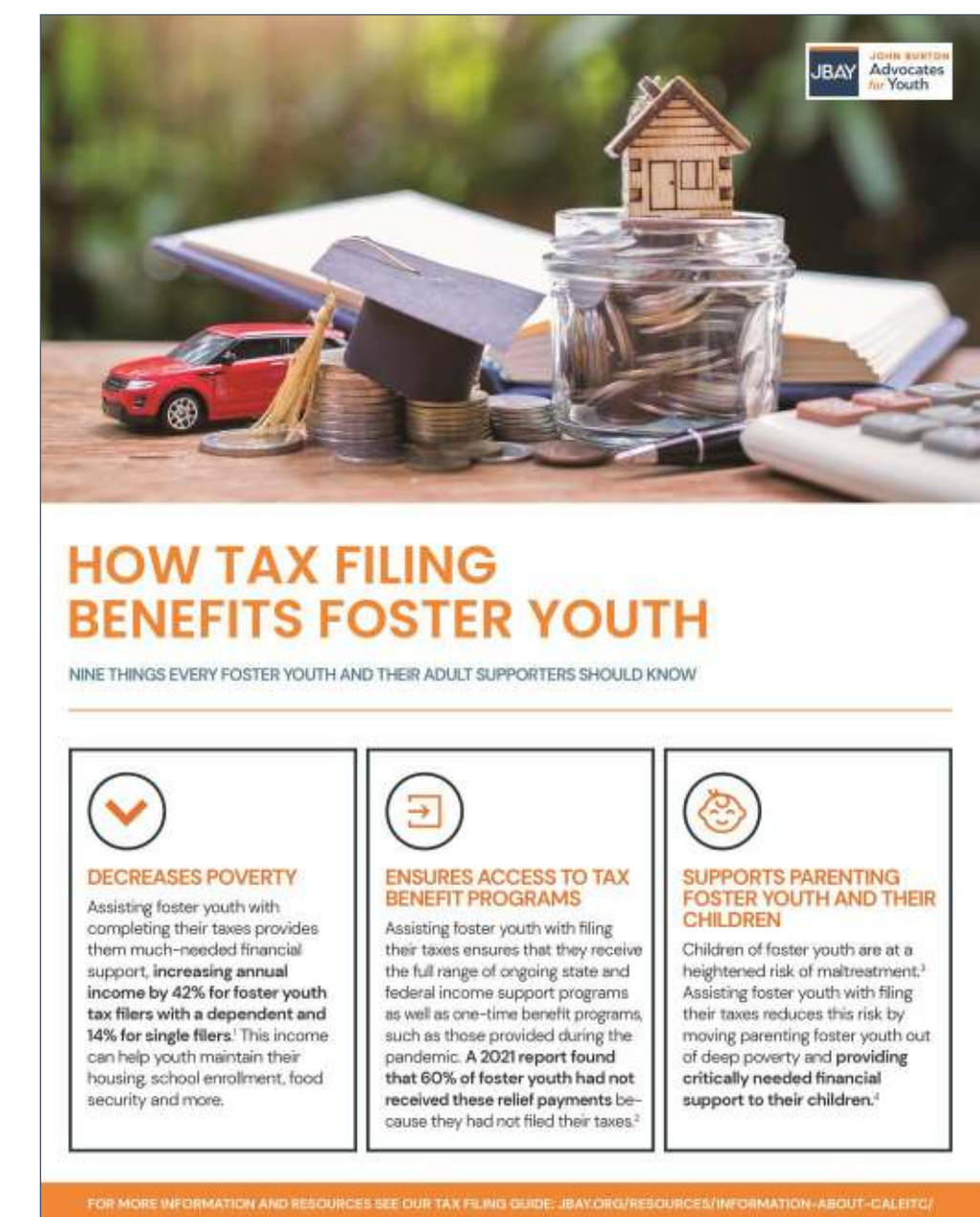
Join Us for our Tax Season Webinar and Materials Release in January 2023

Stay up to date through JBAY newsletters!
You can subscribe at the bottom of this page:

➤ <https://jbay.org/media/>



Direct youth to free tax filing services by October 15, 2022.



For resources and further information:

➤ <https://jbay.org/resources/tax-filing-tax-credits-informational-resources/>


Direct youth to free tax filing services by October 15, 2022.

Make an Appointment

- First Place for Youth link [HERE](#)
- Focus Forward [HERE](#)
- Coalition for Responsible Community Development [HERE](#)
- The Hub –Bill Wilson Center [HERE](#)

Self-File

- A Step-by-step Guide to Filing Your Own Taxes [HERE](#)



STEP ONE

Create an account with MyFreeTaxes.org

John Burton Advocates for Youth Self-Filing Your Own Taxes

62 2022

Questions and Answers

Contact: Anna Johnson anna@jbay.org

THANK YOU

JBAY.ORG