California’s Historic Tax Credit for Foster Youth
Assessing Progress in Its Inaugural Year
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 https://jbay.org/resources/ and sent out to all registrants following the live presentation.
Read the Full Report

https://jbay.org/resources/2023-fytc-report/
Agenda

1. Background & Goals
2. Strategies
3. Findings
   i. Number of Recipients
   ii. Amount of Tax Refunds
   iii. Impact on Income & Poverty
   iv. Preparer Types
   v. Age
   vi. Prior Year Filings
4. Implications for 2024 and Beyond
5. Young Adult Experience: Missing the FYTC
6. Preparing for 2024 Tax Season
7. Q&A
Acknowledgements

Community Partners

Aspiranet
Beyond Emancipation
Bill Wilson Center
California Youth Connection
CalEITC Coalition
Coalition for Responsible Community Development
The Community College Foundation
Court Appointed Special Advocates-San Francisco
Focus Forward
Golden State Opportunity
iFoster
Local IRS representatives

Just in Time for Foster Youth
Kern County Network for Children
Lutheran Social Services of Northern CA
Orangewood Foundation
Think of Us
United Way Bay Area
United Way of Fresno and Madera
United Ways of California
VOICES
VITA Volunteers
Counties participating in FYTC Challenge
Acknowledgements

Policymakers & Administrators

Office of Governor Gavin Newsom
California State Legislature
Former State Controller Betty Yee
State Controller Malia Cohen
California Franchise Tax Board
California Department of Social Services
Acknowledgements

Supporters*

The California Wellness Foundation
Conrad N. Hilton Foundation
Crankstart
Golden State Opportunity
Pritzker Foster Care Initiative
Tipping Point Community
United Ways
Walter S. Johnson Foundation

*This group of generous funders supported JBAY and/or partner organizations
Presenters

Amy Lemley  
Executive Director  
John Burton Advocates for Youth

Simone Tureck Lee  
Director of Housing & Health  
John Burton Advocates for Youth

Andy Lomeli  
Project Manager  
John Burton Advocates for Youth

Rosemarie Fuentes  
Young Adult who Filed in 2023
Background and Goals
The Foster Youth Tax Credit (FYTC) is the first-ever tax credit for foster youth

In 2021, JBAY proposed the creation of a new tax credit for foster youth in California: the Foster Youth Tax Credit (FYTC).

- With support of State Controller Betty Yee, Governor Gavin Newsom and the California State Legislature, the FYTC was funded at $21M annually.
- FYTC is administered by the California Franchise Tax Board (FTB) in partnership with California Department of Social Services (CDSS) to verify foster care eligibility.

In 2023 the FYTC provided up to $1,083 for youth who:
- Filed their 2022 state tax return
- Age 18-25 at end of tax year
- In foster care on or after 13th birthday
- Eligible for CalEITC (income between $1-$30,000, SSN/ITIN, and lived in CA at least half the tax year)
JBAY conservatively estimates the number of youth eligible for FYTC as 55,452.

According to CDSS data, **67,225 current and former foster youth** were in foster care on or after their 13th birthday.

Based on earnings data from California Youth Transitions to Adulthood Study, **55,452 of these youth earned at least $1 in 2022**.

Youth cannot be claimed as a dependent on another tax return, such as that of a foster parent, relative or other adult, which further reduces the eligible pool.
Goal of the Project

Reach full implementation of the California Foster Youth Tax Credit so that all eligible youth are accessing the credit, with at least 10,000 youth by 2025 tax season

To reach this goal, JBAY is utilizing a range of strategies:

1. **Specialized Volunteer Income Tax Assistance (VITA) sites** for current and former foster youth
2. **Statewide outreach** to spread awareness and refer youth
3. **Self-filing events** with community partners
4. **California Foster Youth Tax Credit Challenge** for county child welfare agencies
5. **Focus on expectant and parenting youth** in Los Angeles County
Strategies to Implement the FYTC
Strategy #1

Specialized VITA sites for current & former foster youth

Altogether, seven VITA sites completed 817 tax returns for youth, resulting in $1,720,851 in refunds to foster youth.
Strategy #2
Statewide Outreach

Statewide outreach partners California Youth Connection, Think of Us, and iFoster conducted outreach to 30,000 youth, caregivers, and youth-serving agencies in California.
Strategy #3
Self-filing events

- Aspiranet (Los Angeles, Riverside, San Bernardino, and Fresno Counties)
- Beyond Emancipation (Alameda County)
- John Burton Advocates for Youth (statewide virtual)
- Just in Time for Foster Youth (San Diego County)
- Kern County Network for Children (Kern County)
- Orangewood Foundation (Orange County)
- St. Anne's (Los Angeles County)
- Village Drop-in Center (Los Angeles County)

30 self-filing events helped an estimated 275 current and former foster youth
Strategy #4:
California Foster Youth Tax Credit Challenge

- January through July 2023
- 22 participating counties (80% of state’s eligible youth)
- Friendly competition for highest FYTC claiming rate
- Three winning counties based on county size (small, medium, large)
- Assistance developing outreach plans to identify/refer eligible youth
2023 Foster Youth Tax Credit Challenge

Participating Counties

- Alameda
- Butte
- Contra Costa
- Del Norte
- Fresno
- Humboldt
- Imperial
- Kern
- Los Angeles
- Napa
- Nevada
- Orange
- Sacramento
- San Diego
- San Francisco
- San Joaquin
- San Mateo
- Santa Barbara
- Santa Clara
- Solano
- Stanislaus
- Yolo
2023 Foster Youth Tax Credit Challenge Winners

<table>
<thead>
<tr>
<th>County Size Category</th>
<th>County</th>
<th>FYTC Claiming Rate*</th>
<th>Number of Young Adults Received FYTC*</th>
<th>Total Dollar Amount Claimed*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small</td>
<td>Stanislaus</td>
<td>16.2%</td>
<td>99</td>
<td>$101,317</td>
</tr>
<tr>
<td>Medium</td>
<td>Kern</td>
<td>14.7%</td>
<td>201</td>
<td>$212,473</td>
</tr>
<tr>
<td>Large</td>
<td>Fresno</td>
<td>11.8%</td>
<td>234</td>
<td>$238,268</td>
</tr>
</tbody>
</table>

* as of 7/29/23
Strategy #5
Expectant & Parenting Youth (EPY) in Los Angeles

- VITA Site Referrals at EPY Conferences
- Self-Filing Events at EPY Placements
- Text Message Marketing to EPY

Partner: Reproductive Health Equity Project for Foster Youth
Findings
4,732
Youth Received the FYTC*

*as of August 5, 2023
8.7% of eligible youth received the FYTC in its first year.

By comparison, 53% claimed the Cal EITC— a much larger, more established program.
County receipt rates ranged from 4.8% to 19.6%
23.1% of youth who received the FYTC were custodial parents.
The FYTC refunded $4.9 million directly to current and former foster youth

- $4,915,482 to the 4,732 current and former foster youth who received the FYTC
- Average of $1,039/person—just $44 less than FYTC maximum of $1,083
Youth who claimed the FYTC received other credits

- **Federal Child & Dependent Care Credit**: Cover childcare expenses so that you can work

- **California Young Child Tax Credit**: $1,083 per child under 6 years old with earned income lower than $30,000

- **Federal Child Tax Credit**: Tax credit for each dependent under 17 years old
Youth who claimed the FYTC received other credits

- **Federal Education Credits**: Include American Opportunity Tax Credit and Lifetime Learning Credit to cover education expenses
- **Federal Earned Income Tax Credit**: For low- to moderate-income families
- **California Earned Income Tax Credit**: Up to $3,417 if you earn up to $30,000
These credits, combined with FYTC, increased average amount refunded to youth

**Custodial Parents** averaged a $5,343 refund at one of seven VITA sites

**Single Filers** averaged a $1,906 refund at one of seven VITA sites
$9,021,510 in total refunds to 4,732 youth who claimed the FYTC
A small minority of youth had a tax liability

7% of filers owed an average of $1,061
The FYTC increased the income of parents and nonparents

Average Increase in Annual Income

- **Custodial Parents**: 49%
- **Non-Parents**: 13%
The FYTC decreased poverty among parents and nonparents

Average Decrease in Poverty

<table>
<thead>
<tr>
<th></th>
<th>Average Decrease in Poverty</th>
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</thead>
<tbody>
<tr>
<td>Custodial Parents</td>
<td>10%</td>
</tr>
<tr>
<td>Non-Parents</td>
<td>7%</td>
</tr>
</tbody>
</table>
Most youth who received the FYTC self-filed

<table>
<thead>
<tr>
<th>FOSTER YOUTH TAX CREDIT</th>
<th>CalEITC</th>
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</thead>
<tbody>
<tr>
<td>Self-Prepared</td>
<td>85%</td>
</tr>
<tr>
<td>VITA</td>
<td>10%</td>
</tr>
<tr>
<td>Paid Preparer *</td>
<td>5%</td>
</tr>
</tbody>
</table>

* i.e. H&R Block, Jackson Hewitt, Turbo Tax, Liberty Tax, etc.
Rates of FYTC receipt were highest among those ages 20-21

<table>
<thead>
<tr>
<th>AGE</th>
<th>RATE OF RECEIPT</th>
</tr>
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<tbody>
<tr>
<td>18</td>
<td>4.2%</td>
</tr>
<tr>
<td>19</td>
<td>9.8%</td>
</tr>
<tr>
<td>20</td>
<td>10.6%</td>
</tr>
<tr>
<td>21</td>
<td>10.0%</td>
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<tr>
<td>22</td>
<td>9.2%</td>
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<td>23</td>
<td>8.5%</td>
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<tr>
<td>24</td>
<td>7.8%</td>
</tr>
<tr>
<td>25</td>
<td>7.5%</td>
</tr>
</tbody>
</table>
A sizable number of youth filed prior year tax returns

<table>
<thead>
<tr>
<th>Tax Returns Filed for that Tax Year</th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of Returns</td>
<td>$1,035,222</td>
<td>$342,632</td>
<td>$342,997</td>
<td>$1,702,852</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>63%</th>
<th>18%</th>
<th>19%</th>
<th>818</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>518</td>
<td>144</td>
<td>155</td>
<td>818</td>
</tr>
<tr>
<td>2021</td>
<td>60%</td>
<td>20%</td>
<td>20%</td>
<td>818</td>
</tr>
<tr>
<td>2020</td>
<td>60%</td>
<td>20%</td>
<td>20%</td>
<td>818</td>
</tr>
</tbody>
</table>
Implications for 2024 and Beyond
The first-year rate was low but respectable
Outreach efforts for the FYTC varied across counties

Percentage of foster youth, by county, who filed tax returns for 2022 and received the new foster youth tax credit.

- Fewer than 11 claims
- 5.0%
- Between 5.1 & 10%
- Between 10.1% & 15%
- 15.1%+
The FYTC achieved its policy goal for those who received it

The FYTC increased income and reduced poverty.

AVERAGE RETURN: $1,906
- 13% increase in annual income
- 7% reduction in poverty

CUSTODIAL PARENT AVERAGE RETURN: $5,343
- 49% increase in annual income
- 10% reduction in poverty
The FYTC is being missed by youth who use paid preparers

Youth need to know that free options are available.

If they choose to use paid preparers, bring information about FYTC.

If they use a paid preparer and miss the FYTC, they should file an amendment.
Former foster youth aged 22 to 25 require more intensive FYTC outreach

In 2024, JBAY will implement a digital marketing strategy to reach youth directly—particularly older youth.
Earlier outreach is required, particularly for custodial parents

JBAY is working with counties to send notices to expectant/parenting youth in the fall.

If you are with a county agency and would like to send a notice to non-minor dependents in your county, let us know.
Filing previous years’ returns significantly increases youths’ income

299 youth submitted prior year tax returns, receiving an extra $685,629

Promoting prior year returns will be a priority in 2024
More integration with foster youth campus support programs is required

- NextUp was expanded to all 116 community colleges.
- Eligibility for FYTC is identical to NextUp.
- If you’re with a campus, plan your tax outreach strategy to ensure all youth file and receive the FYTC.
Recruiting and training VITA volunteers remains a challenge

In 2024, the foster youth VITA sites are addressing this by partnering with Dreams for Change, a San Diego based nonprofit that trains VITA volunteers.

This training will address gaps in local training infrastructure and accessibility and tailor training to the most common tax filing needs and experiences of foster youth filers.
Increased use of self-filing events may increase FYTC receipt

In our first year, JBAY focused on VITA sites. Next year, JBAY will shift increasingly toward self-filing and will sponsor 16 self-filing events in the 9-county Bay Area, and 4 in Los Angeles.

Please respond to JBAY’s interest form if you’re able to host a self-filing event: https://forms.gle/FrJi3CNBkJAtLCbU7.
Interview with Rosemarie Fuentes: Missing the Foster Youth Tax Credit
Preparing for 2024 Tax Season
## Become a VITA Volunteer!

- Attend training
- Take the certification test
- Choose weekly volunteer day(s) and time(s) (virtual or in-person)
- Help youth file their taxes and claim their money

### Serving Contra Costa, Sacramento, San Joaquin, Shasta, Stanislaus

**Lutheran Social Services**  
(in Concord & Alhambra)  
VITA1@lssnorcal.org

### Serving Los Angeles

(near Wilshire/Normandie)  
**The Community College Foundation**  
volunteer@communitycollege.org  
(213) 640-3081

### Serving San Francisco

**SF CASA**  
FYTaxHelp@sfcasa.org

### Serving Santa Clara & San Mateo

**Bill Wilson Center** (at the Hub in San Jose)  
https://tinyurl.com/3ass6v4k  
Jesse Curiel: (408) 501-6774 / Jesse.curiel01@ssa.sccgov.org
SAVE THE DATE

November 1

Kickoff Webinar for 2024 Tax Season
Stay Connected!

Visit this interest form to receive information or materials, and/or take action for the 2024 tax season.

Let’s get the California Foster Youth Tax Credit to as many eligible young adults as possible in 2024!

https://forms.gle/FrJi3CNBkJAtLCbU7
Question & answer
Submit questions via the questions box

For Future Questions:
simone@jbay.org
andy@jbay.org
Thank You