

NOVEMBER 1, 2023

Make a Plan to File

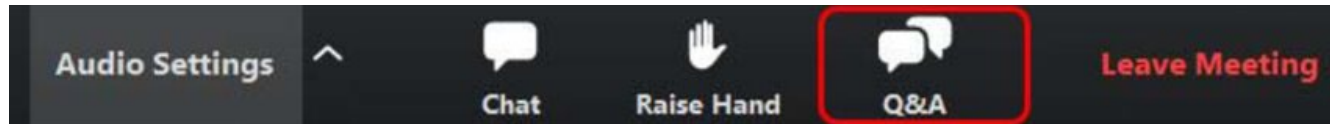
Preparing for the
Foster Youth Tax Credit



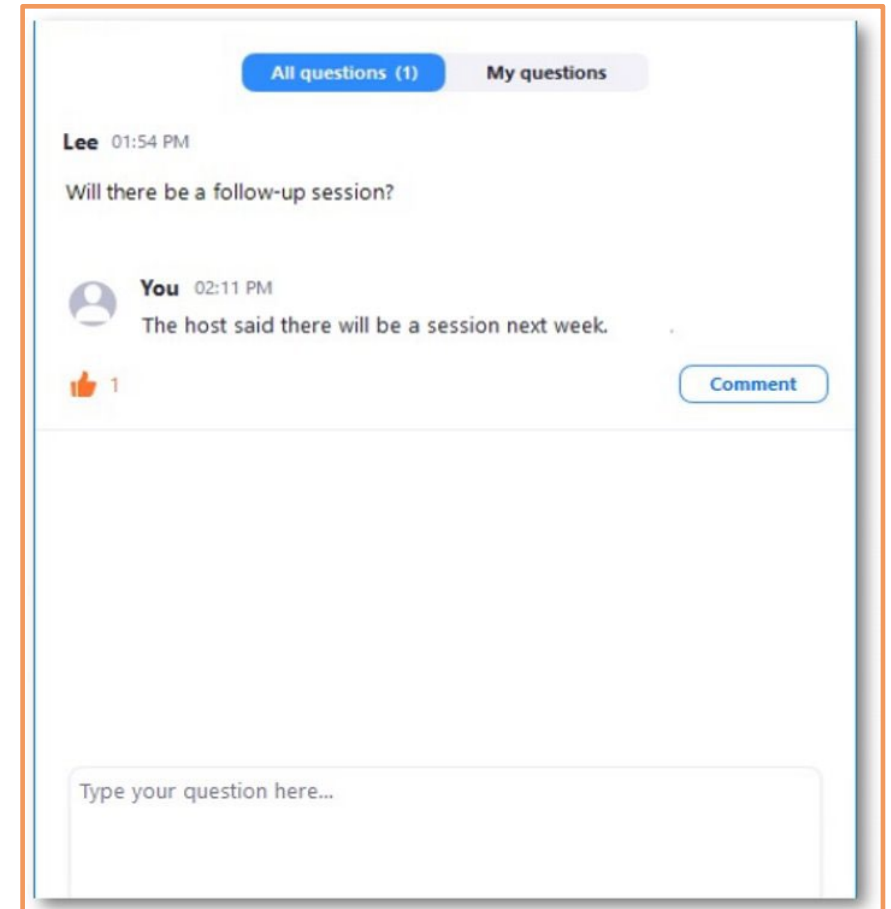


Using Zoom Webinar

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 <https://jbay.org/resources/> and sent out to all registrants following the live presentation.





Agenda

- Welcome & Introduction
- Overview of Common Tax Credits for Current/Former Foster Youth
- Foster Youth Tax Credit Challenge
- **STEP 1** Help Youth Prepare to File
- **STEP 2** Conduct Outreach & Connect Youth to Free Filing Assistance
 - Self-Filing with Guiding Materials
 - Self-Filing in Small Groups through Self-Filing Events
 - One-on-One Assistance through VITA
 - Paid Preparers: Proceed with Caution
- **STEP 3** Aftermath of Tax Filing
- Q&A



Presenters

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Overview of Common Tax Credits for Current & Former Foster Youth





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 2024 the FYTC will provide up to **\$1,117** for youth who:

- ✓ File their 2023 state tax return
- ✓ Were age 18-25 on 12/31/23
- ✓ Were in foster care on or after 13th bday
- ✓ Earned between \$1 - \$30,931
- ✓ Lived in CA at least half of 2023



Snapshot of Year 1 FYTC Implementation



4,847 youth
received the Foster
Youth Tax Credit

Approximately **8.7%** of the
eligible population



**More than \$5
million** collectively
received for FYTC
alone

When combining with other
credits youth received, this
number jumps to **~\$9 million**

Average tax returns:
\$1,906 (single filers)
\$5,343 (parenting filers)



Majority of youth
(85%) received the
FYTC by self-filing

VITA **(10%)**
paid preparers **(5%)**



In Addition to the FYTC, Current & Former Foster Youth May Qualify for Other Credits

State Tax Credits

- California Earned Income Tax Credit (CalEITC)
- Young Child Tax Credit (YCTC)
- Child & Dependent Care Expenses Credit*
- Renters Credit*

Federal Tax Credits

- Earned Income Tax Credit (EITC)
- Child Tax Credit (CTC)
- Child & Dependent Care Tax Credit
- American Opportunity Credit and Lifetime Learning Credit*

* The credits with asterisks are not refundable. They will just reduce what you owe, if you owe anything.

Did you miss our report on year 1 of the Foster Youth Tax Credit? Download it or view the webinar to learn more.



<https://jbay.org/resources/9-13-23-webinar/>

Foster Youth Tax Credit Challenge





2024 Foster Youth Tax Credit Challenge

Growing List of Participating Counties



- Butte
- Contra Costa
- Fresno
- Humboldt
- Los Angeles
- Orange
- Sacramento
- San Francisco
- San Joaquin
- San Mateo
- Santa Barbara
- Santa Clara
- Shasta
- Sonoma



It's not too late to join us!
County child welfare agencies:
Email FYTaxCredit@jbay.org to opt
your county into the Challenge



**Let's bring California's
FYTC receipt rate up!**

Download the one-pager:

<https://jbay.org/wp-content/uploads/2023/10/2024-FYTC-Challenge.pdf>



2024 FOSTER YOUTH TAX CREDIT CHALLENGE

Help youth claim their money! Will you join us?

BACKGROUND & OPPORTUNITY

In 2023, California implemented the [Foster Youth Tax Credit](#) (FYTC), which provides up to ~\$1,000 to current and former foster youth age 18-25 who file their taxes. In 2023, more than 4,800 current and former foster youth filed their taxes and received the credit. When combined with other credits they were eligible for, these youth each received an average of \$1,906, and \$5,343 for those youth who were custodial parents!

To help boost rates of tax filing and FYTC receipt, John Burton Advocates for Youth (JBAY) launched the California Foster Youth Tax Credit Challenge. The three counties with the highest rates of FYTC receipt by June 30, 2024 will win the Challenge. *Let's reach at least 10,000 youth by 2025!*

WHAT WE'LL ASK OF YOU

- Commit to the goal of increasing the number of current and former foster youth who file taxes.
- Develop a referral process to direct all eligible youth to free tax filing services or resources to self-file, and engage local stakeholders in outreach.
- Review monthly county-level claiming data on the FYTC, provided by the Franchise Tax Board (FTB).

HOW WE'LL HELP YOU MEET THE CHALLENGE

JBAY will offer the following to county child welfare agencies that opt into the Challenge and their partners:

- Provide outreach and tax preparation materials.
- Send your county its monthly FYTC claiming data provided by the FTB.
- Connect your agency with local IRS-certified Volunteer Income Tax Assistance (VITA) site(s).

HOW TO SIGN UP

To opt into the Challenge, the county child welfare agency should submit this [participation letter](#) to Carla Macias, project consultant, at FYtaxcredit@jbay.org or simply email Carla indicating your county's interest.

STEP 1

Help Youth Prepare to File





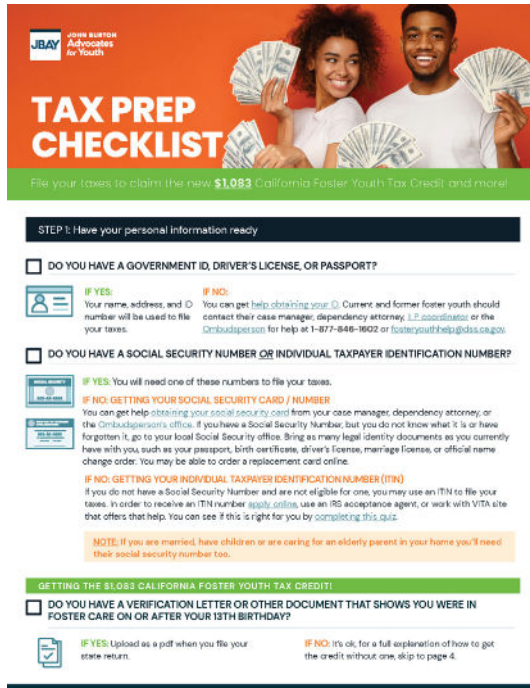
What documents do *YOU* gather when you file your taxes?

Youth need to know to do that too!





Refer to JBAY's Tax Prep Checklist to Help Youth Prepare



- Government ID, driver's license, or passport
- Social Security Number or Individual Taxpayer ID Number (ITIN)
- Foster care verification (optional)
- Permanent address
- Bank account & routing number
- Last year's taxes (if filed)
- W-2 if employed
- 1099-NEC or 1099-MISC if self-employed
- 1099-G if received
- unemployment
- 1099-INT if have savings account
- 1098-T if have educational financial aid
- Receipts for qualifying educational expenses not covered by financial aid
- Receipts from childcare, day care/paid preschool, summer day camps, babysitters if parenting

Download: <https://jbay.org/resources/tax-prep/>



Consider Hosting a Tax Prep Workshop in the Fall, Using JBAY's Curriculum, "Taxes 101"

County Independent Living Programs (ILP)

Community-based providers serving foster youth

Foster youth support programs at colleges

You....!

Topics covered:

- What are taxes, why should I file, and when?
- What are tax credits?
- How do I prepare to file my taxes?
- How do I file my taxes?
- What happens after I file my taxes?



Download PPT Curriculum: <https://jbay.org/resources/taxes-101/>

STEP 2

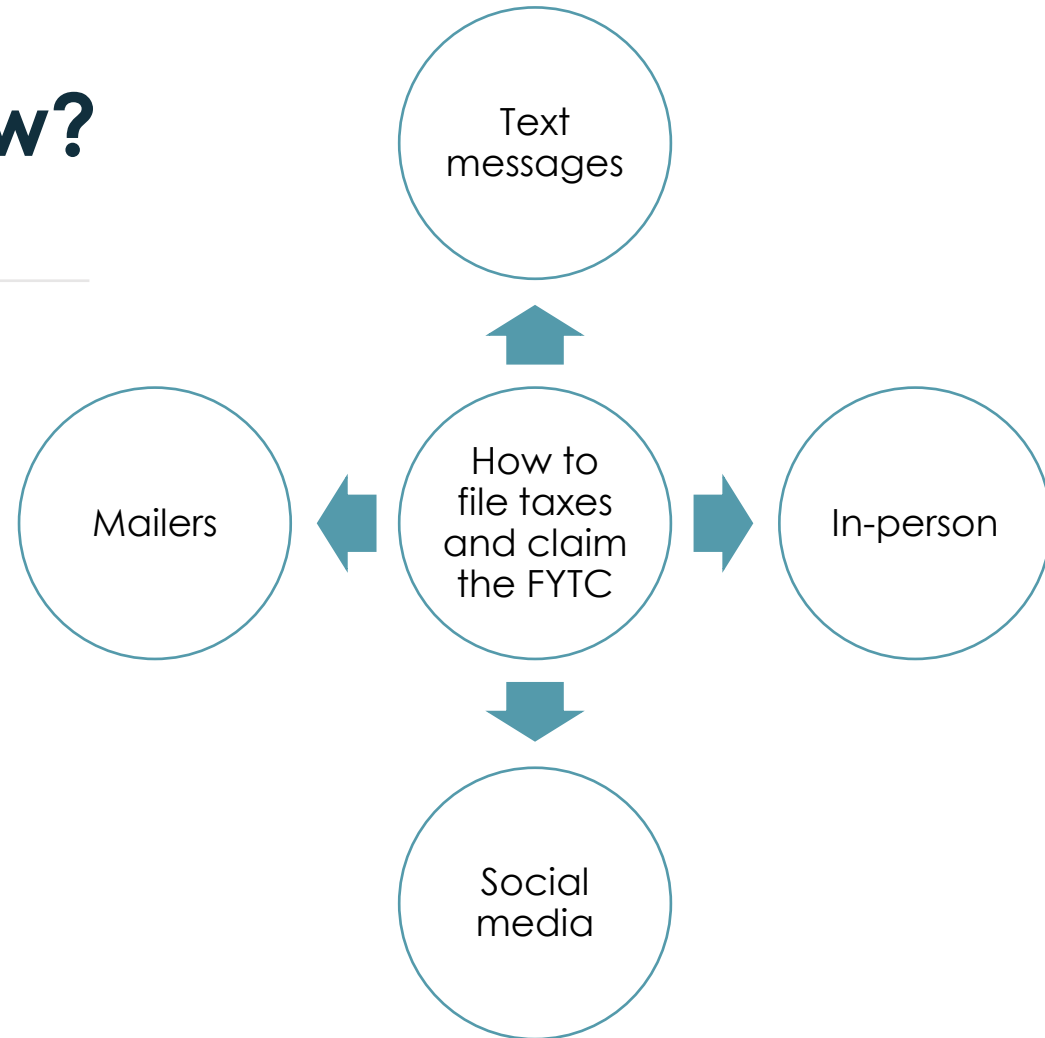
Conduct Outreach & Connect Youth to Free Filing Assistance





Who Conducts Outreach and How?

Outreach can be conducted by county child welfare agency personnel, probation officers working with NMDs, community-based providers, dependency attorneys, advocates, educational institutions, or anyone else that has contact with current and former foster youth.





Three Main Points to Communicate



1. **There is a state tax credit for current and former foster youth.** You need to file your state taxes and check the correct boxes to receive it.



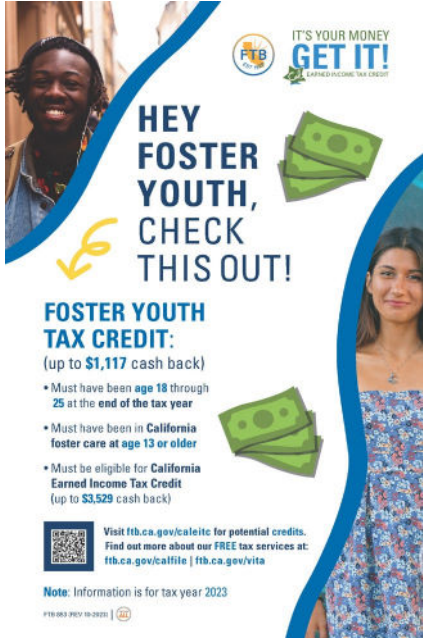
2. **There is free one-on-one assistance to help you file, or guiding resources to file yourself.** Provide the VITA roster, self-filing guide, and notice of upcoming self-filing events.



3. **Be cautious of paid preparers.** Not advisable to use one. If you do, bring information with you about the FYTC. If you use one and miss the FYTC, amend your taxes at a local VITA site.



We've Got Outreach Materials for You



Posters/flyers from the State Franchise Tax Board: Order at <https://form.jotform.com/223344336111040>

Flyer from JBAY (order at link below)

Sample text messages and social media toolkit coming soon

All JBAY's outreach materials and guidance will continue to live here: <https://jbay.org/resources/tax-filing-tax-credits-informational-resources/>

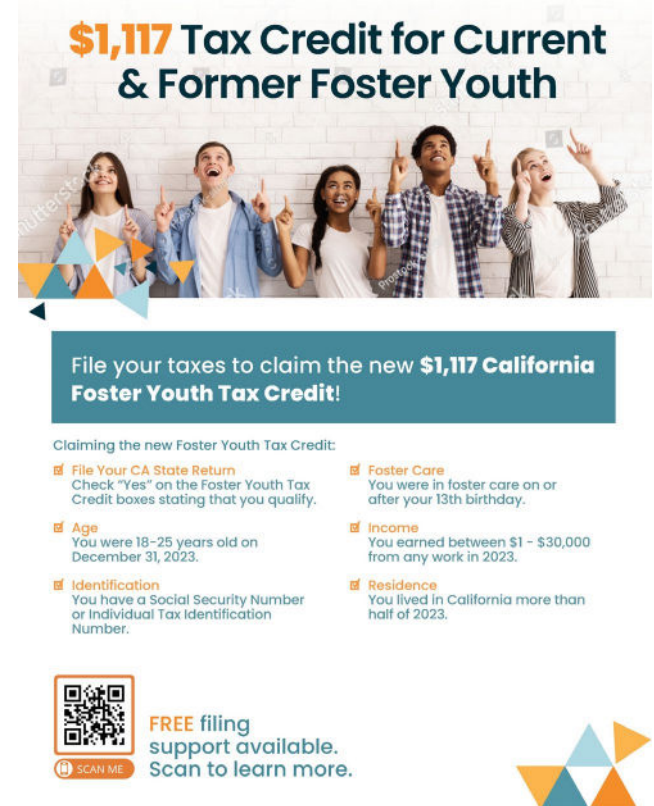
NEW! Counties: Consider Inserting Flyer in Payment Envelopes

- **Strategy:** Five counties are implementing this strategy in 2024 for youth receiving checks for:



- SILP
- Infant Supplement
- Expectant Parent Payment

- **Customizable:** JBAY can tailor the design/messaging as desired for your county/ subpopulation (e.g. parenting youth).
- **Measure impact:** JBAY will provide trackable QR codes so you can understand how effective this strategy is in your county.
- **Goal:** QR code leads youth to webpage with info on how to access free filing assistance.



\$1,117 Tax Credit for Current & Former Foster Youth

File your taxes to claim the new **\$1,117 California Foster Youth Tax Credit!**

Claiming the new Foster Youth Tax Credit:

- File Your CA State Return
Check "Yes" on the Foster Youth Tax Credit boxes stating that you qualify.
- Foster Care
You were in foster care on or after your 13th birthday.
- Age
You were 18-25 years old on December 31, 2023.
- Income
You earned between \$1 - \$30,000 from any work in 2023.
- Identification
You have a Social Security Number or Individual Tax Identification Number.
- Residence
You lived in California more than half of 2023.

SCAN ME

FREE filing support available. Scan to learn more.

Interested in considering this strategy in your county? Indicate so on this interest form:

<https://forms.gle/FrJi3CNBkJAtLCbU7>



How Should We Be Encouraging Youth to File?



Self-File with
Guiding Materials



Self-File in Small
Group
(self-filing event)



File with 1:1
Assistance from a
Certified Volunteer

These options are all FREE. We do not recommend visiting a paid preparer. *More on that later!*



Self-Filing *with Guided Materials*



- This is the most common way to file for young adults.
- File for free at myfreetaxes.org
 - ****JBAY will circulate an updated self-filing guide that walks youth through this process screen by screen****
- Youth can also self-file using Turbo Tax, etc. but unless they get the free version, they will pay for these programs.
- **Don't miss the Foster Youth Tax Credit!** Youth need to make sure they select the correct boxes on their state tax return to receive it.



Self-Filing *in Small Groups*



- Ideal for young adults who have some reservations about self-filing on their own.
- Can be offered in-person or virtually.
- JBAY and partners will hold at least 16 events in Bay Area and Los Angeles.
 - To receive information about self-filing events, indicate so on interest form (<https://forms.gle/FrJi3CNBkJAtLCbU7>).
- **Consider hosting your own self-filing event, particularly for those outside of Bay Area or Los Angeles.**



Consider Hosting a Self-Filing Event

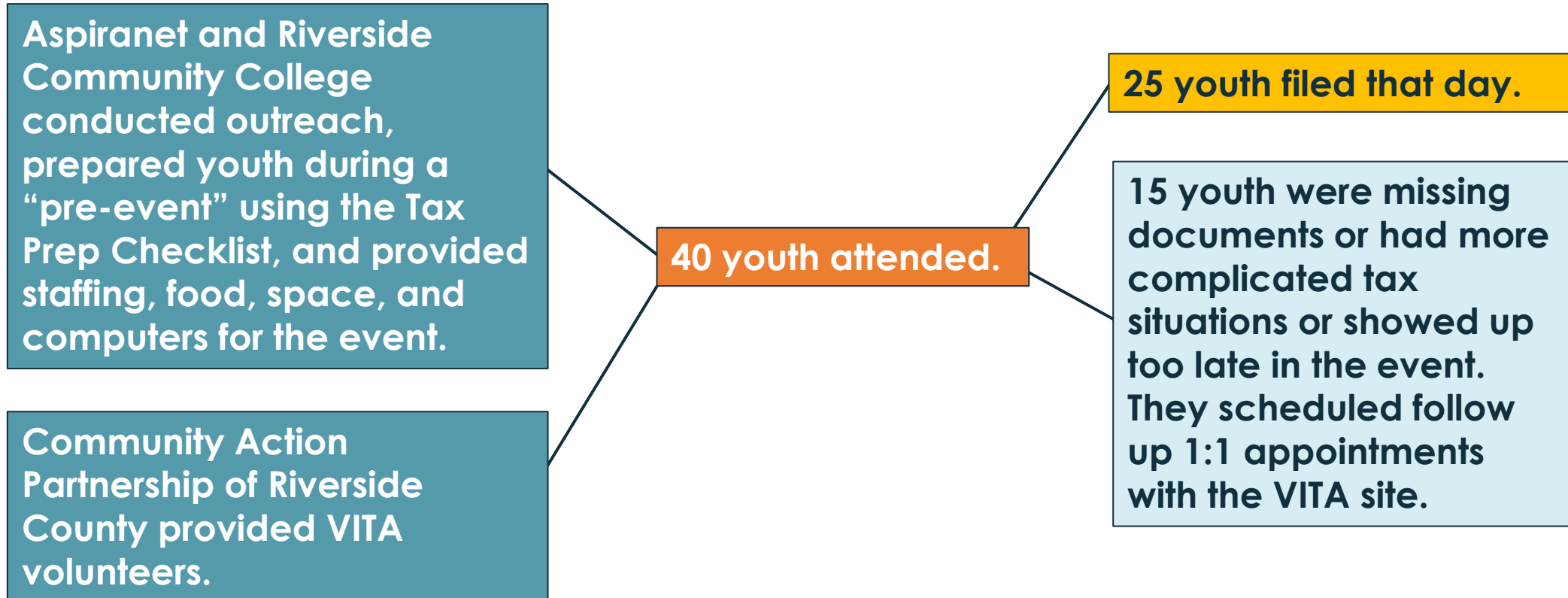


- **Host at your site:** County Independent Living Programs (ILP), community-based providers, foster youth campus support programs, etc.
- **Partner with local VITA site:** Request from your local VITA site to partner on a “sub-site event.”
- **Ideal size:** 10-15 youth per event recommended; discuss with local VITA partner what their ideal size is.
- **Staffing & VITA volunteer needs:** 1 VITA volunteer for every 5 youth. At least 2 staff members from your org recommended.
- **Equipment needed:** Laptops for each youth, printer recommended but not required.
(Note: if virtual, each youth will need a device to file their taxes on and participate virtually, ideally a computer)
- **Other considerations:**
 - **Make it a two-part event:** The first session is a prep session and the second one is the self-filing event.
(Note: Hold prep session at least 2 weeks in advance)
 - **Triage:** If youth appear to need more support than a self-filing event can provide, refer them to a 1:1 appointment at the local VITA site.
 - **Engagement:** Provide food! Host a raffle or provide gift cards for those who attend.

Ideal timing: Tax Season (Jan-April)



Aspiranet's Experience with Self-Filing Events: Luis Madrid, Division Director





Connecting Youth to One-on-One Assistance: What's a VITA Site?



Volunteer Income Tax Assistance (VITA) Sites offer **free, one-on-one** tax return preparation to people who earn \$60K or less.



VITA sites are certified and partially funded by the IRS.



IRS-certified volunteers do the tax preparation.



There are not enough VITA sites to serve all eligible individuals (not even close). There are “VITA deserts” in some regions of the state.



Some VITA sites offer remote assistance.

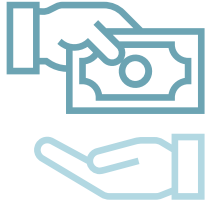


Connecting Youth to One-on-One Assistance



- JBAY has partnered with a number of Community-Based Organizations to establish **VITA sites serving current and former foster youth.**
- Youth who may not be comfortable with or capable of self-filing should be directed to a VITA site. E.g.:
 - Identity theft
 - Complicated tax situation (e.g. have to paper file, have 1099s, etc.)
 - Youth who need a lot of support
- **If a general VITA site, bring information about the FYTC to ensure the site's volunteers are aware of this new credit.**
 - JBAY will make a one-pager available geared toward general VITA sites and paid preparers.

Use this roster to ID a site: <https://jbay.org/resources/fy-vita-sites/>
(will be updated when 2023 tax season concludes)



Paid Preparers: Proceed with Caution



- **Why shouldn't youth use a paid preparer to file their taxes?**
 - **They miss the credit:** In 2023 just 5% of FYTC recipients filed with a paid preparer vs. 57% of CalEITC recipients.
 - Upwards of **60%** of paid preparers make **errors** on tax returns (GAO study).
 - Some paid preparers use **predatory practices** (e.g. refund advancements w/ interest).
 - If they miss a credit, youth will have to **pay again** for the preparer to amend their taxes.
- **Some youth may still want to use a paid preparer.**
 - If they choose to visit one, **take information** about the Foster Youth Tax Credit to ensure they don't miss it.
 - If they miss the FYTC or other credits, youth can **amend at a VITA site for free.**

STEP 3: The Aftermath





Taxes Are Filed...Now What?

- **What if a young adult needs to amend their taxes?**
 - If they miss the Foster Youth Tax Credit or other credits, they can amend their taxes at myfreetaxes.org, Turbo Tax, or a VITA site.
 - Paid preparers will amend taxes too....for a fee! (Even if it was their error)
- **What if a young adult uncovered identity theft while filing?**
 - Foster youth are more likely to experience identity theft and tax fraud than the general population.
 - **Current nonminor dependents** ► Seek assistance from their social worker or dependency attorney to resolve the issue.
 - **Former foster youth** ► Seek assistance from legal aid or check in with county child welfare agency about whether they can refer them to a specific organization addressing this for foster youth.





Taxes Are Filed...Now What?

- **What if a young adult gets a letter from the IRS?**
 - Must respond within 30 days!
 - This usually means the IRS need additional information to file their taxes (e.g. verification of foster youth status if DSS/FTB match fails, verification that a child is in their care, verification of self-employment income, etc.)
- **How do young adults prepare for next year?**
 - Remind them to save documents for next year!
 - Taxes from 2024, receipts for higher education and self-employment expenses, W-2s, etc.



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>

Please check all that apply. *

- I CAN HOST A TAX PREP WORKSHOP FOR YOUTH: I am able (or possibly able) to host a "Taxes 101"/"Tax Prep" workshop for youth and would like access to JBAY's curriculum.
- I CAN HOST A SELF-FILING EVENT: I am able (or possibly able) to host a self-filing event for youth my organization, agency, or program serves.
- I WANT TO KNOW ABOUT SELF-FILING EVENTS: I would like information sent to me about upcoming self-filing events for youth.
- I WOULD LIKE MAILERS FOR MY COUNTY: I would like to access JBAY's outreach flyer customized for my county that we can get printed and mail to all eligible youth.
- I WOULD LIKE TO OPT INTO THE COUNTY FYTC CHALLENGE: I am a county employee and I would like to receive information about opting into the 2024 California Foster Youth Tax Credit Challenge.
- I AM A VITA VOLUNTEER: I am a VITA volunteer seeking more information about the Foster Youth Tax Credit or how to assist foster youth with tax filing.
- None of the above.
- Other: _____

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)

Email VITA1@lssnorcal.org to learn more

SERVING LOS ANGELES

(near Wilshire/Normandie)

The Community College Foundation

Email volunteer@communitycollege.org
to learn more

SERVING SAN FRANCISCO

SF CASA

Email <https://tinyurl.com/VITA-SFCASA> to
learn more

SERVING SANTA CLARA & SAN MATEO

Bill Wilson Center (at the Hub in San Jose)

View Flyer: <https://tinyurl.com/VITA-HUB>
to learn more

Question & Answer

Submit questions via the questions box

For Future Questions:

simone@jbay.org

andy@jbay.org

FYTaxCredit@jbay.org



Thank You

