

SEPTEMBER 18, 2024



Gaining Momentum

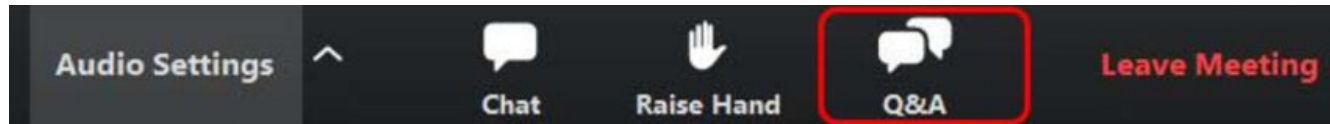
How the Foster Youth Tax Credit Performed in 2024



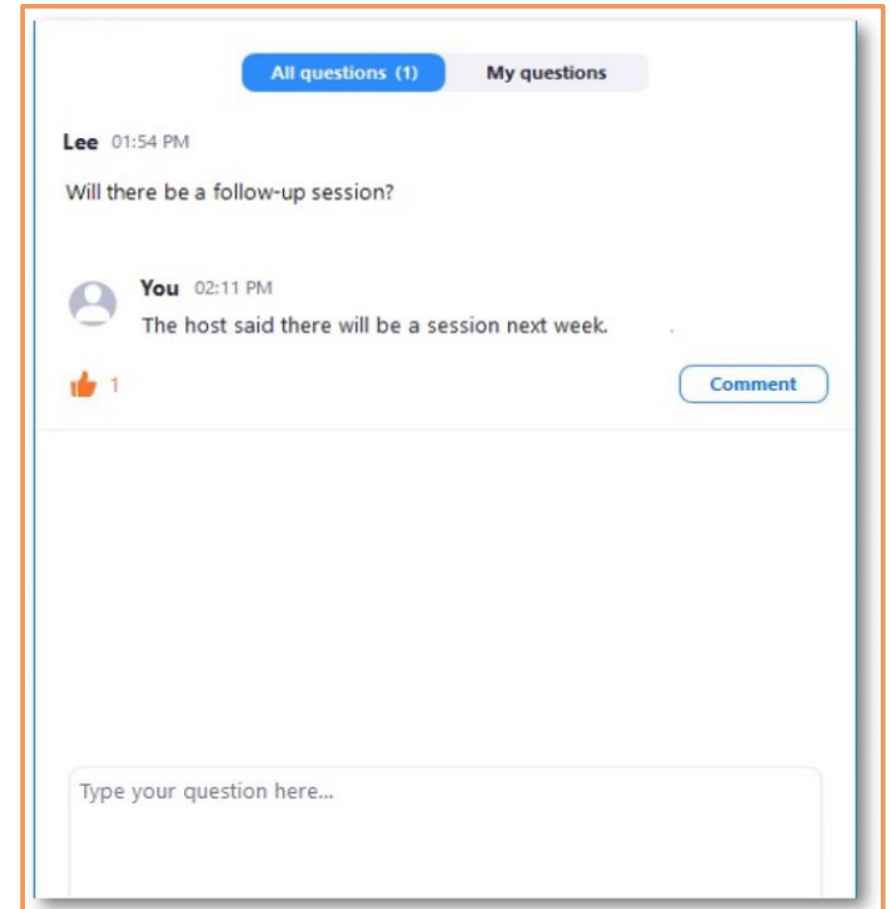


Using Zoom Webinar

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

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1. Background & Goals
 2. Strategies
 3. Findings
 4. Implications for 2025 and Beyond
 5. Q&A



Acknowledgements Community Partners



Aspiranet
Beyond Emancipation
Bill Wilson Center
CalEITC Coalition
The Community College Foundation
Court Appointed Special Advocates-San Francisco
Golden State Opportunity
iFoster

Lutheran Social Services of Northern CA
Reproductive Health Equity Project
Santa Clara County Social Services Agency
Think of Us
United Way Bay Area
United Ways of California
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

State Treasurer Fiona Ma

California Franchise Tax Board

California Department of Social Services



Acknowledgements

Supporters



The California Wellness Foundation

Carrie Estelle Doheny Foundation

Conrad N. Hilton Foundation

Crankstart

Pritzker Foster Care Initiative

United Ways of California

Walter S. Johnson Foundation



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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 current and former 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 provided up to **\$1,117** for youth who:
- ✓ Filed their 2023 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-\$30,950, SSN/ITIN, and lived in CA at least half the tax year)



JBAY conservatively estimates the number of youth eligible for FYTC as **36,275**.



According to CDSS data, **64,163 individuals** were age 18 to 25 and in foster care on or after their 13th birthday.

Based on earnings data from the TAY-HUB at the California Child Welfare Indicators Project, **36,275 of these youth earned at least \$1 in 2023**.

To be eligible, 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

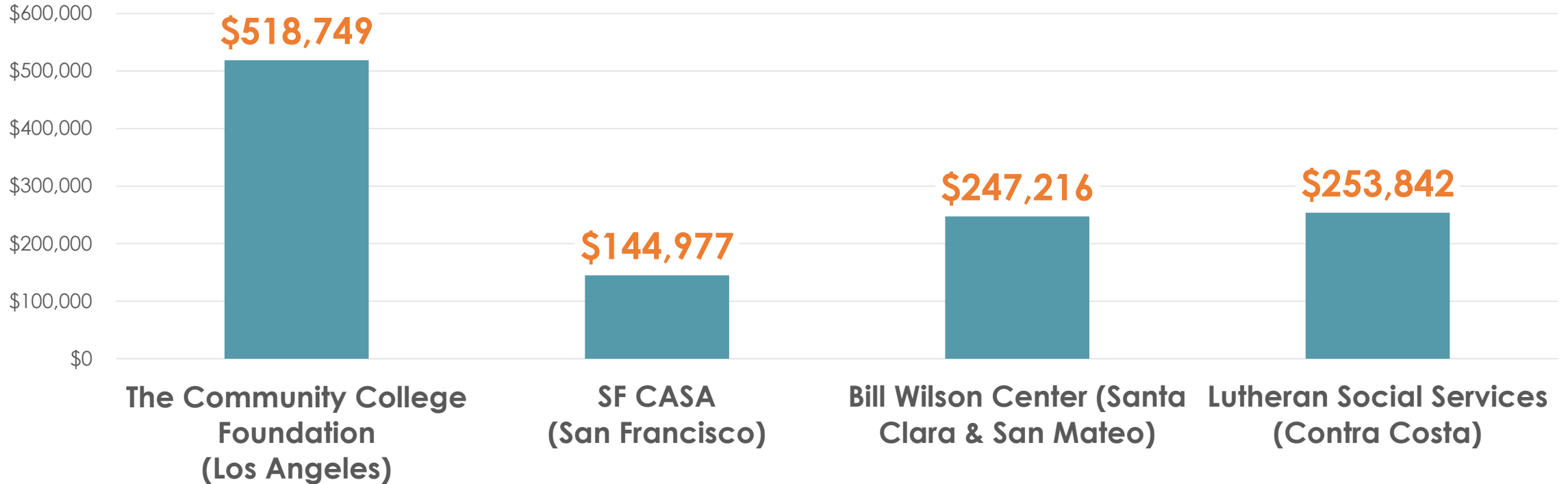
Strategies to Implement the FYTC





Strategy #1

Specialized VITA Sites for Current & Former Foster Youth



Altogether, four VITA sites completed **619 tax returns** for youth, resulting in **\$1,164,794 in refunds** to foster youth.



Strategy #2

Statewide Outreach & Marketing



Statewide outreach partners Daley Solutions, Think of Us, and iFoster **conducted outreach and marketing 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)
- First Place for Youth (Alameda and San Francisco Counties)
- Mt. San Antonio College (Los Angeles County)
- St. Anne's (Los Angeles County)
- Walden Family Services (Los Angeles County)
- Wellnest (Los Angeles County)

13 self-filing events helped an estimated **151 current and former foster youth**



Strategy #4:

California Foster Youth Tax Credit Challenge



- January through July 2024
- 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

2024 Foster Youth Tax Credit Challenge **Winners**



County Size Category	County	FYTC Claiming Rate	Number of Young Adults Received FYTC	Total Dollar Amount Claimed
Small (<small>< 500 eligible</small>)	Sutter	46%	25	\$25,277
Medium (<small>501 to 1500 eligible</small>)	Kern*	22%	207	\$223,564
Large (<small>>1,500 eligible</small>)	Sacramento	19%	316	\$340,003

* Second year winning

As of 8/31/24



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





5,587

Youth Received the FYTC.*

This is a 17% increase
from 2023.

*as of August 31, 2024





15% of eligible youth received the FYTC.

This is an increase from 13% in 2023.





County rates of FYTC receipt ranged from 8% to 46%.

COUNTY	RATE OF RECEIPT
ALAMEDA	16%
BUTTE	29%
CONTRA COSTA	18%
EL DORADO	17%
FRESNO	18%
HUMBOLDT	15%
KERN	22%
KINGS	14%
LOS ANGELES	11%
MADERA	13%
MERCED	17%
MONTEREY	14%
ORANGE	19%
PLACER	20%
RIVERSIDE	17%
SACRAMENTO	19%
SAN BERNARDINO	16%
SAN DIEGO	15%

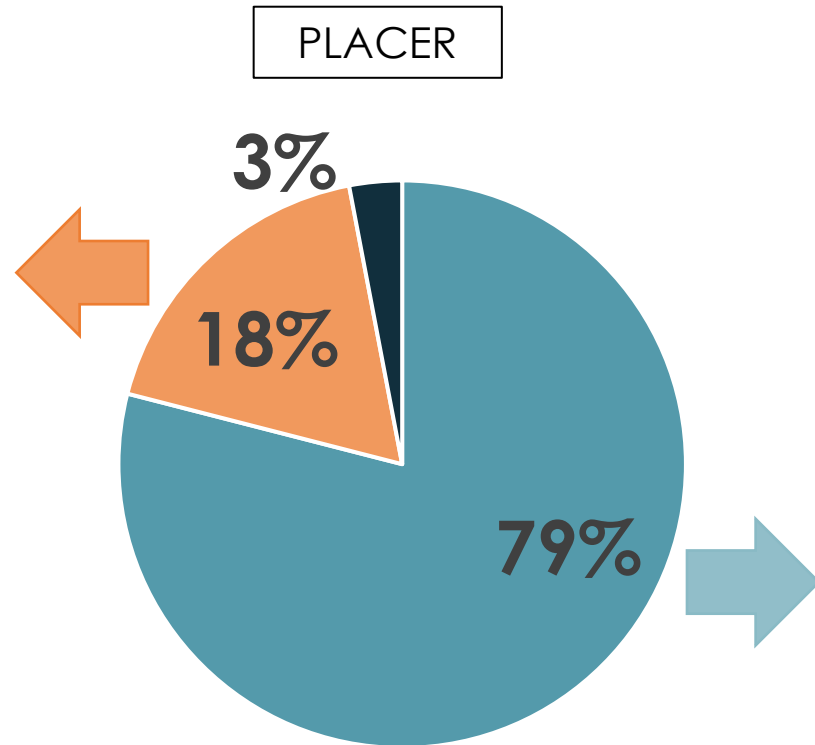
COUNTY	RATE OF RECEIPT
SAN FRANCISCO	13%
SAN JOAQUIN	19%
SAN LUIS OBISPO	25%
SAN MATEO	8%
SANTA BARBARA	17%
SANTA CLARA	18%
SANTA CRUZ	13%
SHASTA	32%
SOLANO	22%
SONOMA	15%
STANISLAUS	23%
SUTTER	46%
TEHAMA	21%
TULARE	15%
VENTURA	21%
YOLO	16%

For the 22 counties with less than 11 youth claiming, rates could not be calculated because exact figures were not provided due to state data masking requirements.



Most counties had an increase in the number of youth who claimed the FYTC.

SAN MATEO	-30%
HUMBOLDT	-9%
STANISLAUS	-7%
SANTA CRUZ	-4%
CONTRA COSTA	-1%
VENTURA	-1%



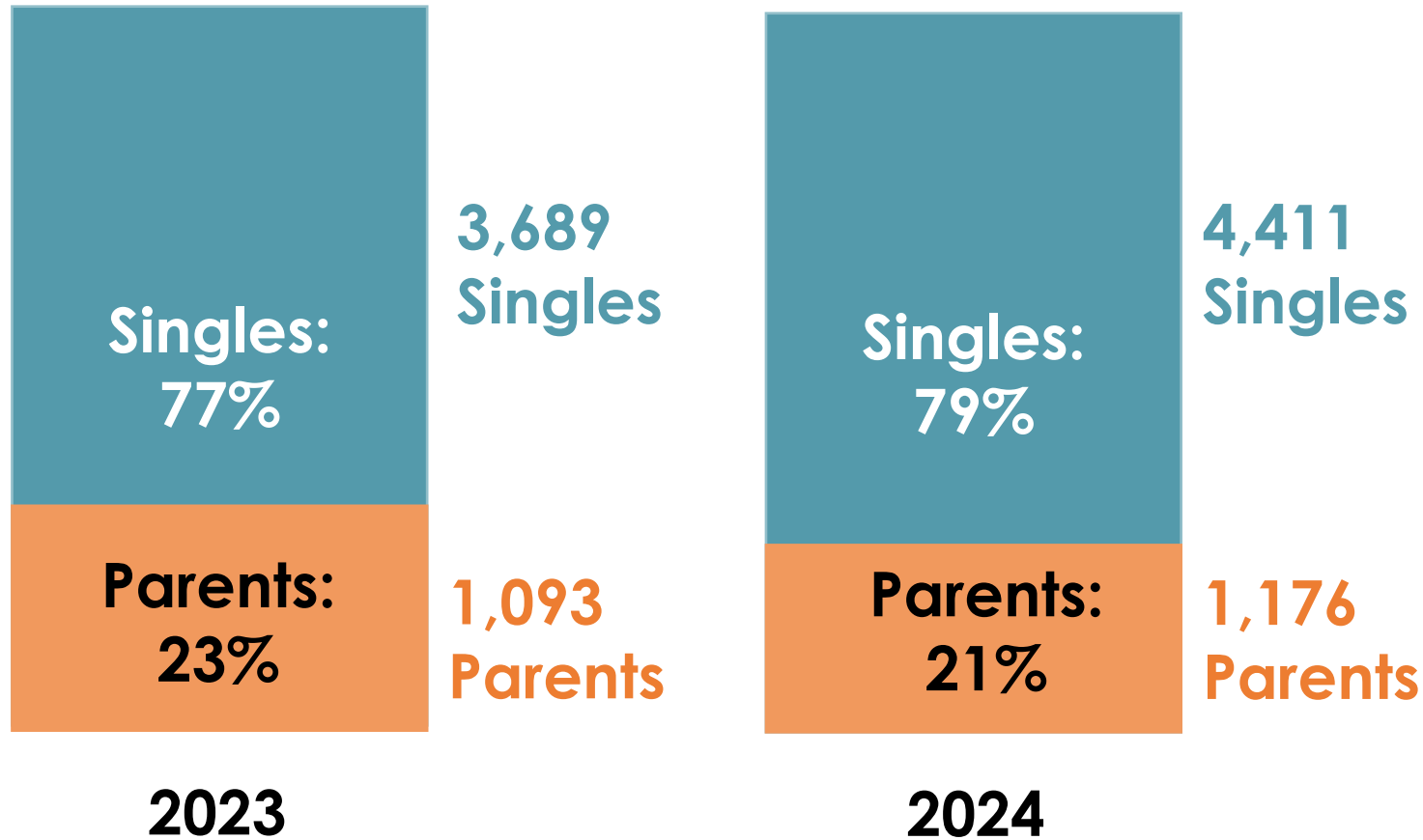
SUTTER	150%
MONTEREY	95%
SAN LUIS OBISPO	43%
SAN BERNARDINO	35%
LOS ANGELES	34%
SOLANO	29%
BUTTE	28%
TEHAMA	24%
MADERA	23%
ORANGE	19%
SAN FRANCISCO	19%
SANTA CLARA	18%
SANTA BARBARA	14%
RIVERSIDE	13%

SAN DIEGO	11%
ALAMEDA	10%
MERCED	10%
YOLO	7%
SHASTA	6%
SACRAMENTO	5%
EL DORADO	4%
SONOMA	4%
TULARE	4%
FRESNO	3%
KINGS	3%
KERN	2%
SAN JOAQUIN	2%

■ Increase ■ Decrease ■ No Change



The number of young parents who received the FYTC increased, but their share of the total claims decreased.





The FYTC refunded **\$5.9 million** directly to current and former foster youth in 2024.

- **\$5,982,941** refunded to the 5,587 current and former foster youth who received the FYTC.
- **20% increase** from 2023.
- Average of **\$1,074**/person—just \$43 less than FYTC maximum of \$1,117.





Youth who claimed the FYTC received other state and federal credits.

Tax Credit	# of Recipients	Total # Eligible	% of Total Filers	Average (\$)
Federal Tax Credits				
College Education Credit	64	619	10%	\$974
Additional Child Tax Credit	62	102	61%	\$1,092
Child Tax Credit	26	102	25%	\$804
Federal EITC	108	619	17%	\$1,853
State Tax Credit				
Young Child Tax Credit	91	102	89%	\$1,105
CalEITC	464	619	75%	\$258



These additional credits increased the average return for foster youth who filed their taxes.



Custodial Parents averaged a **\$5,265** refund across the four VITA sites



Single Filers averaged a **\$1,370** refund across the four VITA sites



Based on these average turns, tax filing increased the annual income of foster youth in California.

Filer	Adjusted Gross Income (\$)	Average Return (\$)	Adjusted Gross Income + Average Return (\$)	% Change
Custodial Parents	\$9,256	\$5,265	\$14,521	57%
Single	\$16,182	\$1,370	\$17,552	8%
All Filers	\$15,474	\$2,041	\$17,515	13%



This increased income decreased the rate of poverty experienced by both single and parenting foster youth.

Filer	Poverty Rate Prior to Filing	Poverty Rate After Filing	% Change
Custodial Parents	86%	78%	-9%
Singles	58%	54%	-7%
All Filers	63%	58%	-7%



Collectively, California foster youth received over \$12M in 2024 from tax filing, a 10% increase from 2023.

Filer	# of Filers 2023	Total Received 2023 (\$)	# of Filers 2024	Total Received 2024 (\$)
Custodial Parents	1,093	\$5,839,899	1,176	\$6,191,076
Single	3,689	\$5,839,899	4,411	\$6,044,878
Total	4,782	\$10,598,709	5,587	\$12,235,954



A small minority of youth had a tax liability.

4% of filers
owed an
average of
\$966.

This is a decrease from 7% in 2023,
who owed \$1,061 on average.





In 2024, most youth who received the FYTC self-filed, with a slight increase in the use of VITAs and paid preparers.

Preparer Type	2023	2024
Self-Prepared	85%	81%
VITA	10%	11%
Paid Preparer*	5%	8%



* i.e. H&R Block, Jackson Hewitt, Turbo Tax, Liberty Tax, etc.



Rates of FYTC receipt were highest among those aged 20-23.

This may be partially explained by the fact that 18 and 19 years old may be more likely to be claimed as dependents on another person's taxes.

Age	Rate of Receipt
18	4%
19	11%
20	15%
21	14%
22	14%
23	14%
24	12%
25	13%

First-Hand Perspective





Wednesday Pope

- Member of the California Youth Empowerment Commission
- JBAY Youth Advocate

About the FYTC

- How difficult was it to claim?
- How did you use it?
- What advice can you give to help youth access it?

Implications for 2025 and Beyond





Receipt of the FYTC grew at a strong rate in 2024, 17%.



4,782

5,587



As in 2023, tax filing significantly increased youths' income and reduced poverty.





Despite this growth, utilization remained low in 2024, 15%.

Percentage of foster youth, by county, who filed tax returns in 2024 and received the Foster Youth Tax Credit.

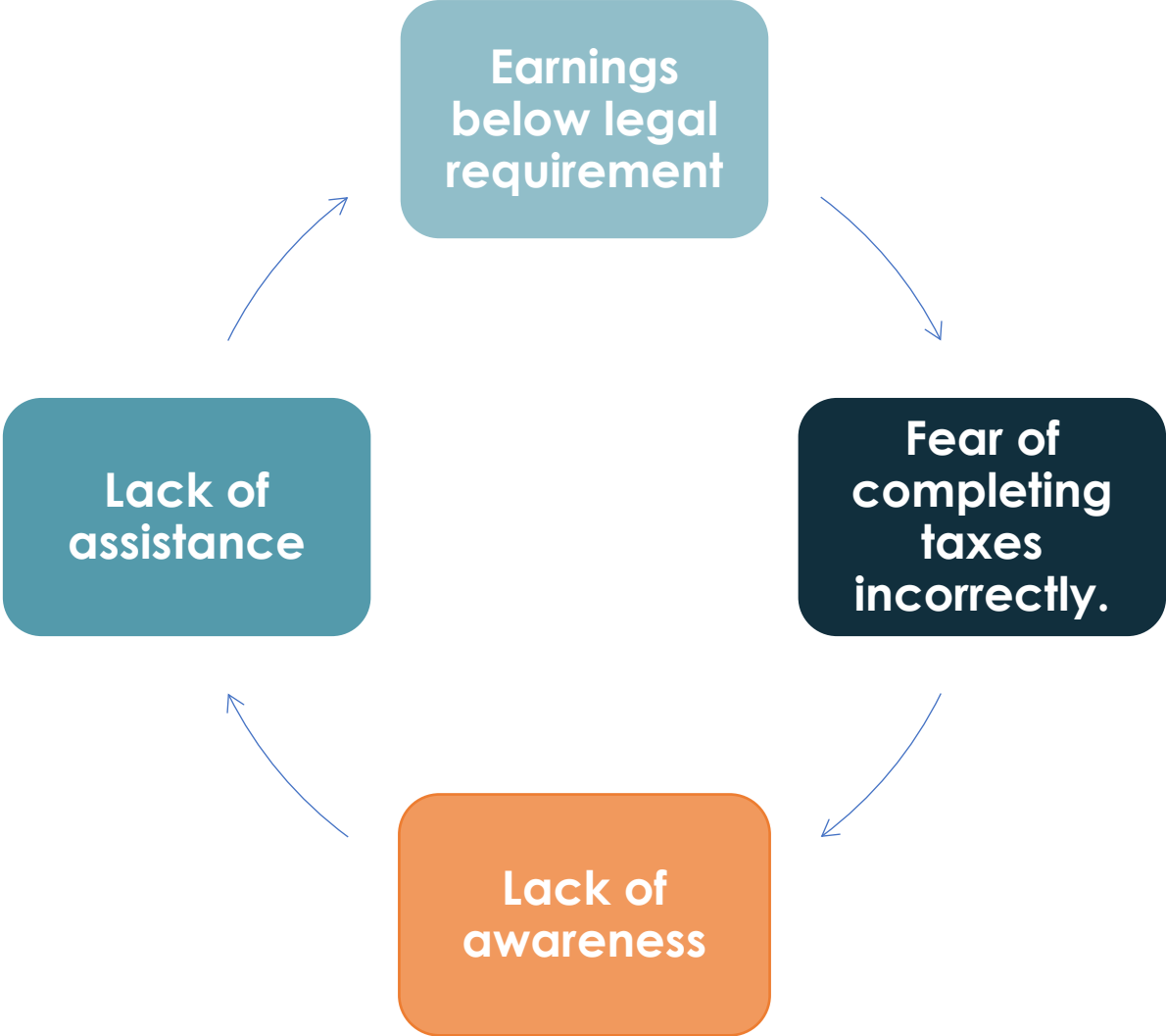


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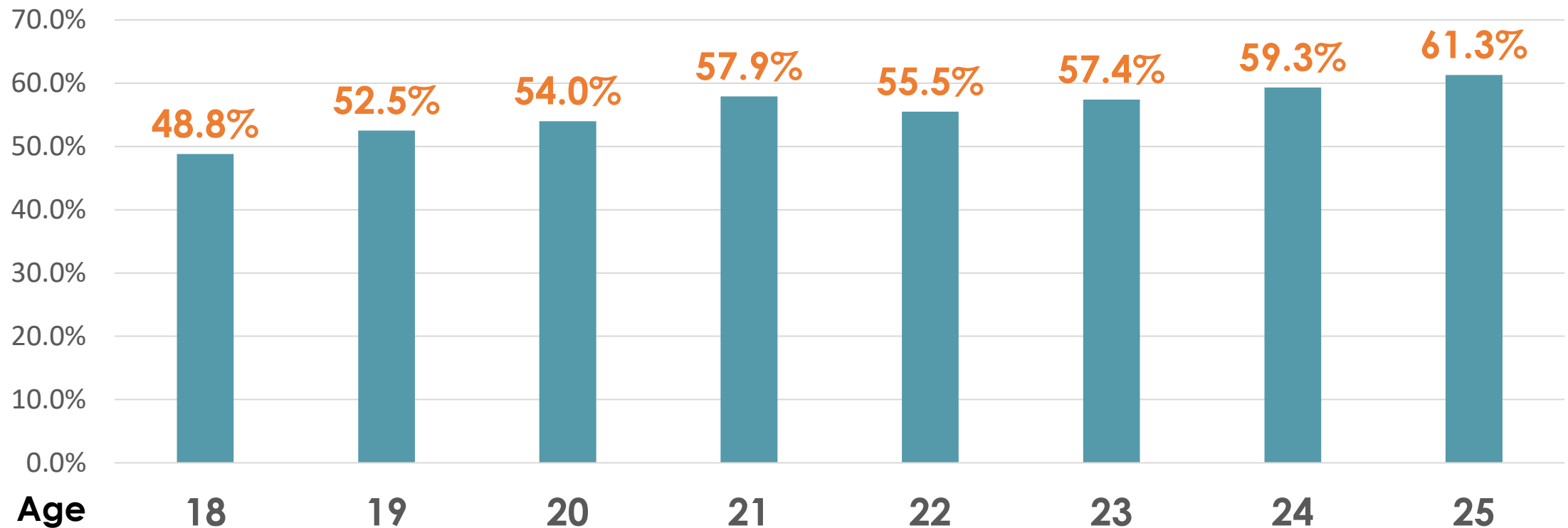
The low rate of utilization is likely due to several factors.





Utilization of the FYTC was higher than previously thought due to better information about foster youth employment rates.

At Least One Quarter of Employment





The rate of FYTC “repeat filers” was lower than expected, indicating the need for continued outreach.

61% of FYTC recipients in 2024 received it in 2023.

This is higher than the rate of repeat filers for the CalEITC, which was 56%.





The rate of FYTC receipt among youth who used paid preparers remains low.

Youth need to know that free options are available.

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

Make sure to also file state taxes, not just federal.

If they use a paid preparer and miss the FYTC, they should file an amendment.

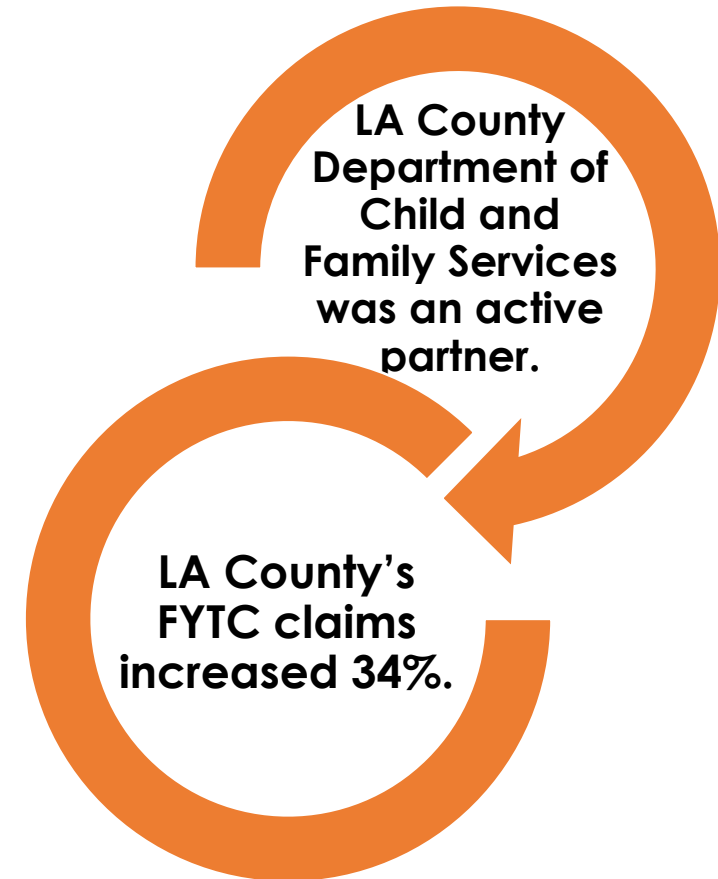




Integrating foster youth-specific activities into larger county efforts appeared to increase FYTC receipt.

“Claim Your Cash” Pilot Program in Los Angeles

- County staff raised tax filings with clients.
- Asked if the person has claimed the credits they qualify for.
- If not, the county staff member directly connected the client to a community provider through a “warm line.”
- Once the connection was made, the VITA partner ensured the person files their taxes and claims the credits.





Digital media outreach increased awareness but did not appear to increase tax filing.



- 7 ads were run during the months of December through May.
- Ads were seen by 333,875 people.
- Approximately 10% of these individuals (32,728) who saw an ad visited JBAY's FYTC information page on its website.
- This exceeded the project's goal of 21,000 website visitors.
- Lesson learned: level of information needs to be matched with resources to assist youth.



Centrally mailed flyers about the FYTC appeared to increase utilization.

Counties that sent flyers centrally:

- Los Angeles: 34% increase
- San Francisco: 19% increase
- Santa Clara: 18% increase
- Alameda: 10% increase





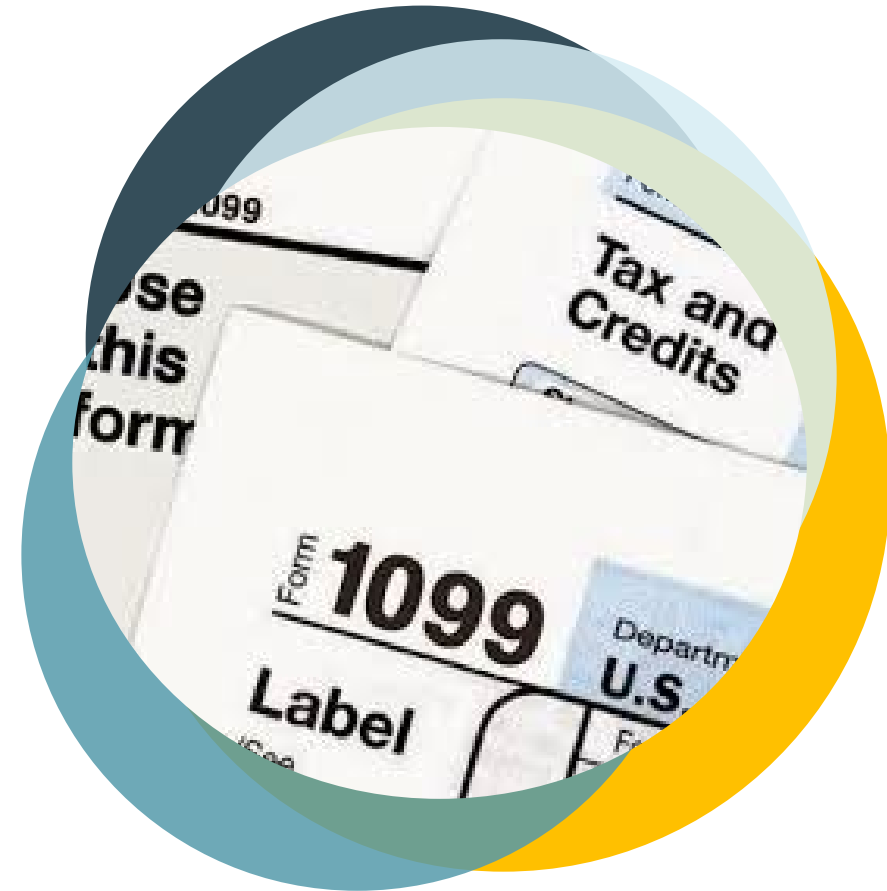
Some transitional housing providers incorrectly issued 1099s and created a serious tax liability for foster youth.

Foster care payment and housing stipends are taxable income.

This creates a heavy tax liability for the youth.

Education is required of transitional housing providers to prevent this practice

All County Information notice from CDSS would help.





Identity theft remained a serious issue and available tools to address it presented challenges.



- VITA sites reported it remains a problem.
- Identity Protection PIN are intended to prevent identify theft but were often difficult to reset.



Helping youth respond to inquiries from the FTB was important and time consuming.



Important to educate youth about opening tax-related mail correspondence.

Even when opened, youth often require assistance understanding how to comply with requirements.

Important to assist youth all the way through the receipt of their taxes.



Foster youth-specific VITA sites were effective but faced funding challenges to be sustainable.



- Youth report high levels of satisfaction with foster youth specific VITA sites.
- All four sites reported challenges to long-term financial sustainability.
- State funding to support these and other VITA sites was cut by half in the 24-25 state budget.



Confidentiality requirements require the direct involvement of the child welfare system.



- Confidentiality requirements prevent the sharing of information about who is eligible.
- State requirements for counties to directly inform eligible foster youth would help.



Tax filing lost momentum after the April 15th tax deadline, indicating a need for year-round education and engagement.



- Tax deadline is October 10 for individual who don't have a tax liability, which is 93% of foster youth.
- Vast majority of assistance ends after April 15th deadline.
- Reaching higher rates will require year-round outreach and filing assistance.



General VITA sites required training on foster youth and the FYTC.



- There are hundreds of VITA sites in California.
- They lack knowledge of the FYTC and the unique circumstances of foster youth.
- With training, these general sites can increase FYTC utilization.



Youth reported confusion about taxes, indicating the need to include this topic in financial literacy curricula.

Some youth thought that they should file their taxes twice.

Given the lifelong requirement to file taxes, counties should educate youth on this topic.

JBAY has developed a curriculum for Independent Living Programs, which can be used year-round.





Engagement with foster youth campus support programs was limited, but effective.



- Eligibility for FYTC is identical to NextUp
- NextUp was expanded to all 116 community colleges.
- Some campuses have VITA sites.
- If you're with a campus, plan your tax outreach strategy to ensure all youth file and receive the FYTC.

Question & answer

Submit questions via the
questions box

For Future Questions:

simone@jbay.org



Thank You

