



Gaining Momentum

How the Foster Youth Tax Credit Performed in 2024



SEPTEMBER 2024

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EXECUTIVE SUMMARY

In its second year, the Foster Youth Tax Credit (FYTC) made significant gains to increase economic security among current and former foster youth in California.

BETWEEN 2023 AND 2024:

- The number of individuals who claimed the FYTC increased 17%, from 4,782 to 5,587.
- The rate of FYTC utilization grew from 13% to 15%.
- The total amount refunded from the FYTC increased 20%, from \$4,968,047 to \$5,982,941.
- The average tax return for all filers increased 7%, from \$1,906 to \$2,041.
 - For single filers, the increase was from \$1,290 to \$1,370 (6% increase).
 - For custodial parents, the change was from an average of \$5,343 to \$5,265 per filer (1% decrease).
- The total refunded to current and former foster youth through the FYTC and other state and federal tax credits increased 15% from \$10,598,709 to \$12,235,954.
- Additionally, in 2024, the rate of poverty experienced by individuals who received the FYTC decreased on average by 7% and among custodial parents by 9%.

While these gains are encouraging, additional effort is required to ensure they are experienced by a larger percentage of the population eligible for the FYTC. Most notable among these efforts is increased levels of involvement among the child welfare system to educate youth about the availability of the FYTC and assist them in the receipt of it.

Introduction

Since 2017, John Burton Advocates for Youth (JBAY) has worked to improve economic security among current and former foster youth by increasing access to state tax credits. This was the year that the eligibility of the California Earned Income Tax Credit (CalEITC) was modified, removing the requirement that young adults ages 18 through 24 must have custodial children in order to claim the CalEITC. Each year since, JBAY has conducted the California Foster Youth Tax Project, which includes a series of strategies to promote utilization of the state earned income tax credit program, which was expanded in 2022 to include the new California Foster Youth Tax Credit. This project is a collaboration between county child welfare agencies, non-profit service providers, youth-led organizations and state agencies to inform foster youth about the benefits of tax filing and to help youth successfully file.



Background on the Foster Youth Tax Credit

In the fall of 2021, JBAY proposed the creation of a new tax credit specifically for foster youth in California: the Foster Youth Tax Credit (FYTC). With the support of former State Controller Betty Yee, Governor Gavin Newsom and the California State Legislature, this new tax credit was included in the FY 2022-23 state budget, funded at \$21 million annually.

The FYTC is a program of the California Earned Income Tax Credit (CalEITC), and for the 2024 tax season provided a credit up to \$1,117. Current and former foster youth who file their state tax return and meet specific criteria are eligible for the FYTC. To be eligible a youth must be 18 to 25 years of age at the end of the tax year and have been in care on or after their 13th birthday. Recipients must also be eligible for the CalEITC, which requires having a tax year income of at least \$1 and less than \$30,950, a Social Security Number or Individual Tax Identification Number (ITIN) and having lived in California for more than half of the tax year.

The FYTC is administered by the California Franchise Tax Board (FTB) in partnership with the California Department of Social Services, which is responsible for verifying foster care eligibility. The FYTC was implemented on time, in January 2023—just six months after its inclusion in the state budget.

According to data provided by the California Department of Social Services, for the calendar year 2023, there were 64,163 current and former foster youth, aged 18 to 25 who were in foster care on or after their 13th birthday. As noted above, an individual must earn at least a dollar to be eligible for the FYTC, reducing the number of eligible foster youth to 36,275 based on employment data from the California Child Welfare Indicators Project. Finally, an individual may not be claimed as a dependent on another tax return, such as that of a foster parent, relative or other adult. This would further reduce the total number

of eligible foster youth, but as this precise figure is not known, this analysis conservatively estimates the number of individuals eligible for the FYTC in 2024 to be 36,275.

“The FYTC puts much needed money into the hands of foster youth across the state. Without this initiative to raise awareness and access to tax assistance many youth would miss out on this opportunity.”

ROBYN GONZALES,
KNOWLEDGE & TRAINING MANAGER IFOSTER



Strategies to Implement the Foster Youth Tax Credit

In the second year of the FYTC, JBAY employed five strategies to promote its utilization.

1. VOLUNTEER INCOME TAX ASSISTANCE (VITA) SITES

JBAY provided subgrants totalling \$140,000 to four community-based organizations to operate specialized VITA sites for current and former foster youth. Funding was used for staffing costs, site materials and supplies, food and incentives for youth, volunteer incentives, quality reviewers, and costs associated with self-filing. In addition to financial assistance, JBAY organized and funded three VITA volunteer trainings in Los Angeles, Concord and San Jose, training 30 volunteers. As indicated in Figure 1, these four VITA sites completed 619 tax returns for foster youth in 2024, a 5% increase from 2023.

FIGURE 1

FOSTER YOUTH VITA SITE	COUNTY SERVED	# OF TAXES FILED (2023)	# OF TAXES FILED (2024)	MONEY REFUNDED (2024)
The Community College Foundation	Los Angeles	216	282	\$518,759
San Francisco Court Appointed Special Advocates (SF CASA)	San Francisco	51	74	\$144,977
Santa Clara County Social Services Agency & Bill Wilson Center	Santa Clara & San Mateo	216	113	\$247,216
Lutheran Social Services	Contra Costa	104	150	\$253,842
TOTAL		587	619	\$1,164,794





2. STATEWIDE OUTREACH

JBAY worked closely with three partners to conduct statewide marketing and outreach about the FYTC. This partnership included subgrants totaling \$60,000 from JBAY as well as the execution of targeted strategies to ensure youth across the state were aware of the FYTC and knowledgeable about where they could receive assistance with tax filing. An important new strategy in 2024 included the development of a comprehensive self-filing training, to educate foster youth about tax filing and how to claim the FYTC. The three statewide marketing and outreach partners included iFoster, Think of Us and Daley Solutions.

3. SELF-FILING EVENTS

Another strategy deployed to promote utilization of the FYTC was partnerships with seven community-based organizations to conduct self-filing events. Self-filing events provided groups of 10 to 20 youth with in-person and virtual guidance as they completed their tax filing. Internal Revenue Service (IRS)-trained volunteers were available to assist youth and answer commonly asked questions. JBAY provided subgrants to pay for event-related costs and also served as event volunteers to address tax-specific issues. Young people requiring more assistance were referred to a VITA site partner.

Together, JBAY's seven partners conducted 13 self-filing events that assisted an estimated 151 current and former foster youth. These partners included Beyond Emancipation (Alameda County), Aspiranet (LA, Riverside, San Bernardino, and Fresno Counties), First Place for Youth (Alameda and San Francisco Counties), Wellnest (Los Angeles County), Mt. San Antonio College (Los Angeles County), St. Anne's (Los Angeles County), and Walden Family Services (Los Angeles County).





4. CALIFORNIA FOSTER YOUTH TAX CREDIT CHALLENGE

In 2024, JBAY conducted the California Foster Youth Tax Credit Challenge, a statewide competition to reach the highest rate of receipt of the FYTC. County representatives were trained on the basics of tax filing and how to help youth collect necessary documents for tax filing. Additionally, JBAY developed a workshop curriculum for Independent Living Programs to educate youth about filing taxes and how to prepare.

The Challenge was conducted January through August 2024. The three counties that reached the highest rate of receipt of the FYTC were Sutter (46%) in the small-county category (less than 500 youth eligible), Kern (22%) in the medium-county category (500 to 1,500 youth eligible) and Sacramento (19%) in the large-county category (1,501 or more youth eligible).

5. EXPECTANT AND PARENTING YOUTH-SPECIFIC STRATEGIES IN LOS ANGELES COUNTY

A final strategy focused on Los Angeles County current and former foster youth who are expectant and parenting. This group has a higher cost of living due to a larger household size and the additional expenses associated with child rearing, including child care. Custodial parents receive significantly higher tax refunds due to additional state and federal tax credits designed to lift families out of poverty. JBAY focused its work on assisting expectant and parenting foster youth in Los Angeles County, in partnership with the Reproductive Health Equity Project (RHEP), led by National Center for Youth Law. This included working closely with the Los Angeles Department of Child and Family Services, the Alliance for Children's Rights and Public Counsel to refer every participant in an Expectant and Parenting Youth Conference to a specialized foster youth VITA site. JBAY also held self-filing events at community-based organizations that specialize in serving expectant and parenting foster youth.

“Supporting foster youth in navigating the complexities of tax filing is not just about financial compliance—it’s about empowerment and long-term success.”

WHITNEY ROBERTSON, SENIOR DIRECTOR OF PROGRAMS
THINK OF US

Findings

A. RATE OF RECEIPT: 2023 TO 2024

As August 31, 2024, a total of 5,587 current and former foster youth received the FYTC. This was a 17% increase in the number of youth who claimed the FYTC as of the same date in 2023. This figure represents 15% of the total number of eligible recipients.

Of counties that reported FYTC claims in 2024, rates of receipt ranged from 8% (San Mateo County) to 46% (Sutter County). The table below includes the rate for counties with 11 or more FYTC claims. FTB did not report figures for counties with less than 11 FYTC claims.

Of the 58 counties, 34 (59%) had 11 or more youth claim the FYTC, 22 counties (38%) had less than 11 youth claim the FYTC, and two counties (3%) reported no youth claiming the FYTC (Mono and Alpine). For the 22 counties with less than 11 youth claiming, exact figures were not provided due to state data masking requirements.

Of the 22 counties with very low levels of FYTC receipt (less than 11 claims), 17 had very small populations of eligible youth, (less than 100). The remaining five counties had 100 or more eligible youth, but reported less than 11 FYTC claims. These counties included Imperial (341 eligible), Marin (101 eligible), Mendocino (158 eligible), Napa (121 eligible) and Yuba (107 eligible).

B. NUMBER OF RECIPIENTS: 2023 TO 2024

Of the 34 counties that reported 11 or more FYTC claims, 27 counties (79%) experienced an increase in the number of claims received since the same time in 2023. One county (3%) reported the same number of claims (Placer County) and the remaining six counties (18%) reported a decrease in the number of FYTC claims. The table includes the number of FYTC returns and percentage change in FYTC claims between August 31, 2023 and August 31, 2024 for every county with 11 or more FYTC claims, ordered alphabetically. (SEE FIG. 3 PAGE 10).

FIGURE 2

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%
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%

FIGURE 3

COUNTY	# OF FYTC RETURNS: 2023	# OF FYTC RETURNS: 2024	% CHANGE
ALAMEDA	174	191	10%
BUTTE	60	77	28%
CONTRA COSTA	128	127	-1%
EL DORADO	28	29	4%
FRESNO	237	245	3%
HUMBOLDT	33	30	-9%
KERN	203	207	2%
KINGS	36	37	3%
LOS ANGELES	1,044	1,401	34%
MADERA	22	27	23%
MERCED	59	65	10%
MONTEREY	21	41	95%
ORANGE	226	268	19%
PLACER	46	46	0%
RIVERSIDE	347	391	13%
SACRAMENTO	301	316	5%
SAN BERNARDINO	331	446	35%
SAN DIEGO	240	267	11%
SAN FRANCISCO	69	82	19%
SAN JOAQUIN	150	153	2%
SAN LUIS OBISPO	42	60	43%
SAN MATEO	30	21	-30%
SANTA BARBARA	49	56	14%
SANTA CLARA	134	158	18%
SANTA CRUZ	28	27	-4%
SHASTA	71	75	6%
SOLANO	56	72	29%
SONOMA	57	59	4%
STANISLAUS	100	93	-7%
SUTTER	10	25	150%
TEHAMA	21	26	24%
TULARE	85	88	4%
VENTURA	86	85	-1%
YOLO	28	30	7%

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C. AVERAGE TAX REFUNDS

Collectively, the FYTC refunded a total of \$5,982,941 to the 5,587 current and former foster youth who received it as of August 31, 2024. This is an average \$1,074 per person, just \$43 less than the maximum amount of the FYTC in 2023, \$1,117.

The FYTC is one of a number of tax credits available to low-income individuals. Other credits include the Federal Child & Dependent Care Credit, the California Young Child Tax Credit, the Federal Child Tax Credit, Federal Education Credits, American Opportunity Tax Credit and Lifetime Learning Credit, the Federal Earned Income Tax Credit and the California Earned Income Tax Credit. Additionally, filers are eligible to receive a refund of a portion of their federal and state income tax withholdings.

Together, these tax credits and rebates increased the amount of money current and former foster youth who filed their taxes received, above and beyond the level provided by the FYTC. JBAY analyzed the tax returns for the 619 youth who filed their taxes in 2024 at one of the four specialized VITA sites to estimate the total refund received by current and former foster youth who filed. The average refund is summarized below, and compares returns levels in 2023 with those in 2024:

FIGURE 4

	AVERAGE RETURN: 2023	AVERAGE RETURN: 2024	% CHANGE
Custodial Parents	\$5,343	\$5,265	-1%
Single	\$1,290	\$1,370	6%
All Filers	\$1,906	\$2,041	7%

In 2024, the average return for foster youth who filed at one of the four specialized VITA sites was \$2,041. This was a \$135 increase from the average return per foster youth in 2023 of \$1,906. As in 2023, the average for custodial parents was higher than for non-parents, \$5,265 versus \$1,370. Additionally, custodial parents experienced a small decrease in their average return of 1%, while single filers experienced a 6% increase. When combined, all filers received an average 7% larger tax return in 2024 than in 2023.



**D. TOTAL MONEY RETURNED TO FOSTER YOUTH**

Based on these average returns by filer type, the total amount refunded to all foster youth who claimed the FYTC in 2024 was \$12,235,954 as summarized in the table below. This is a 15% increase in the amount that was directly refunded to foster youth through tax filing in 2023.

FIGURE 5

	# 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

E. IMPACT ON INCOME

On average, youth who filed their taxes during the 2024 tax season at one of the four project VITA sites increased their annual income by 13%, from \$15,474 to \$17,515. This is on par with the average increase in 2023, which was also 13%.

As with the size of the average return, the change in income was greater for youth who were custodial parents than for youth who were single filers. On average, custodial parents who filed in 2024 at one of the four project VITA sites increased their annual income by 57%, from \$9,256 to \$14,521. This is a higher average increase per custodial parent of 49% in 2023, which increased their annual income, from \$10,804 to \$16,147. For single filers who filed at one of the four project VITA sites, their average income increased 8%, from \$16,182 to \$17,515. This is summarized in the table below.

FIGURE 6

2024	ADJUSTED GROSS INCOME (\$)	AVERAGE RETURN (\$)	ADJ. GROSS INCOME + AVG. RETURN (\$)	% CHANGE
Custodial Parents	\$9,256	\$5,265	\$14,521	57%
Single	\$16,182	\$1,370	\$17,552	8%
Total	\$15,474	\$2,041	\$17,515	13%





F. IMPACT ON POVERTY

Prior to filing their taxes, an average of 63% of foster youth who filed their taxes at one of the four project VITA sites had an Adjusted Gross Income at or below the federal poverty level, which in 2024 is \$15,060 for an individual, \$20,440 for a family of two, and \$25,820 for a family of three. This decreased 7%, from 63% to 58% for filers on average. Custodial parents had a poverty rate of 86% prior to filing their taxes. After receipt of their tax refund, this decreased to 78%, a 9% decrease. This is summarized in the table below.

FIGURE 7

	POVERTY RATE PRIOR TO FILING	POVERTY RATE AFTER FILING	% CHANGE
Custodial Parents	86%	78%	-9%
Single	58%	54%	-7%
All Filers	63%	58%	-7%

“We have seen the benefit of supporting youth and with their taxes. It helps youth receive the credits and refunds they are eligible for and allows a space for conversation around financial literacy. We have been able to provide one on one support to dispel fears associated with taxes and the IRS.”

CINDY GUILLEN, ILP SOCIAL WORK SUPERVISOR
BILL WILSON CENTER





G. STATE AND FEDERAL TAX CREDITS

Current and former foster youth who filed their taxes at one of the project’s four VITA sites received a range of state and federal tax credits, in addition to the FYTC. The table below summarizes the rate of receipt of these credits and their average amount.

FIGURE 8

	# 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

H. FILING STATUS

The rate of receipt among custodial parents in foster care is of particular interest given the economic vulnerability and the potential of state and federal tax credits to address this vulnerability. Statewide, a total of 1,176 recipients (21%) of the FYTC filed as a Head of Household, indicating that they furnish over one-half of the cost of maintaining their household which includes and a qualifying person, almost always their child. This was an 8% increase from 2023, when a total of 1,093 FYTC claims were filed by a Head of Household. As a proportion of total filers, Head of Household filers decreased from 23% to 21%. The percentage of single filers between 2023 and 2024 increased from 75% to 77%. The balance of FYTC recipients filed as the relatively uncommon status of Married Filing Jointly (2% for both years).

FIGURE 9

FILING STATUS	2023	2024
Head of Household	23%	21%
Single	75%	77%
Married Filing Jointly	2%	2%



**I. FILERS WITH A TAX LIABILITY**

In 2024, 4% of filers who filed at one of the project’s four specialized VITA sites owed federal or state taxes, a decrease from 7% in 2023. Their average tax liability in 2024 was \$966, a decrease from the average amount of \$1,061 in 2023. Together, the amount these 24 filers owed was \$23,185. The most common reasons filers owed money to the state or federal government was due to claiming too little withholding from paychecks, incorrectly completing a W-4 form, having self-employment income requiring a 1099 form, or receiving unemployment payments with no federal tax withheld. These filers received financial support from the project to help pay off their tax owed, avoiding penalties or interest that might have accumulated had they not filed or been able to pay.

J. PREPARER TYPES

The FTB collects information about how recipients of the FYTC filed their taxes. As indicated in the table below, self-filing was the most common method of tax filing among FYTC recipients in 2024, although it decreased slightly from 84% of returns in 2023 to 81%. The percentage of FYTC claims received through a VITA site increased one point to 11% of all FYTC claims. The balance were claimed using paid preparers (8%).

FIGURE 10

PREPARER TYPE	2023	2024
Self-Prepared	85%	81%
VITA	10%	11%
Paid Preparer	5%	8%

K. AGE

Information from the California Department of Social Services on the number of youth eligible for the FYTC is provided by age, allowing the calculation of the rate of receipt by age. As noted in the table below, rates of receipt of the FYTC were highest among 20- to 23-year-olds, at 14% respectively. Rates were lowest among 18- and 19-year-olds. While these age groups have lower levels of employment, this was factored into the calculation of the total number of individuals likely eligible for the FYTC.

FIGURE 11

AGE	RATE OF RECEIPT
18	4%
19	11%
20	15%
21	14%
22	14%
23	14%
24	12%
25	13%



Implications for 2025 and Beyond

These findings have important implications for 2025 and beyond, as JBAY and others work to fully implement the FYTC. Provided below is a summary of these implications, drawn from the data above, county child welfare agencies that participated in the Foster Youth Tax Credit Challenge and the partner organizations of the California Foster Youth Tax Project.

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

In the second year of the FYTC, the number of youth who claimed it increased 17%, from 4,782 filers in 2023 to 5,587 in 2024, as of August 31st of both years. This is a considerable level of growth due to several reasons. First, tax filing is complex for foster youth because they move more frequently than non-foster youth, which can result in misplaced paperwork. Second, foster youth do not have the assistance of an adult, such as parents, to inform them of the importance of tax filing and assist them with the process. Finally, outreach to foster youth is often thwarted by confidentiality restrictions, which prevent young people from being informed about the FYTC. Given these challenges, the 17% growth in tax filing is a respectable second year effort.

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

In the second year of FYTC implementation, the percentage of eligible current and former foster youth claiming the FYTC remains below the majority, at 15%. This is an increase from 13% in 2023, when the newly available rates of employment are applied to the number of current and former foster youth who received the FYTC. One reason why the rate of utilization

remains low is because tax filing was not required for single filers who earned less than \$13,850 in 2023 and for heads of households who earned less than \$20,800 in 2023. Both of these income thresholds are higher than the average income earned by current and former foster youth who filed at one of the four project VITA sites. Given that tax filing is not required, considerable effort is required to make the case to current and former foster youth to conduct this activity, which is generally considered onerous and intimidating.





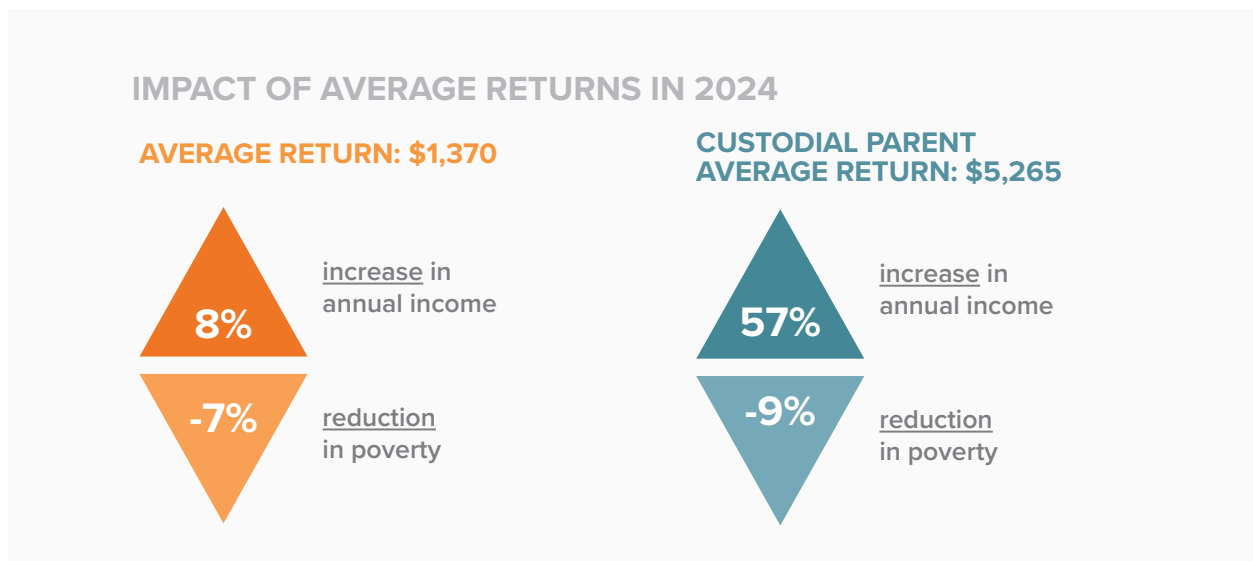
3. Utilization of the FYTC was higher than previously thought due to better information about rates of employment among current and former foster youth.

In JBAY’s 2023 report, the population of foster youth eligible for the FYTC was calculated using employment data from the California Youth Transitions to Adulthood Study (CalYouth Study), longitudinal research on extended foster care in California. In 2024, JBAY learned that more current employment data is available from the Transition-Age Youth Research & Evaluation Hub (TAY Hub), which is part of the California Child Welfare Indicators Project. Using this more accurate data, the number of current and former foster youth who were employed is lower than indicated in the CalYouth Study. This is relevant because to claim the FYTC, a youth must earn at least \$1. According to the TAY Hub, rates of employment range from 48.8% at age 18 to 55.5% at age 22. Based on this, 15% of eligible youth received the FYTC in 2024.

4. As in 2023, the FYTC significantly increased youths’ income and reduced poverty.

In both 2023 and 2024, the FYTC increased the annual income of all youth, with even greater increases experienced by custodial parents. Additionally, both groups of young people experienced increases in their annual income, again with custodial parents at higher rates than average. This income increase resulted in fewer youth living below the poverty line. Each of these outcomes were policy objectives of the FYTC; the data suggest the program is achieving these objectives for those who receive it.

FIGURE 12





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

In 2024, the FTB provided data on the number of “repeat filers,” which include individuals who claimed the FYTC in both 2023 and 2024. This rate was lower than expected, 61%. Over a third of the individuals who received the FYTC in 2023 did not file in 2024. While this rate was lower than expected, it was higher than the rate of repeat filers for the California Earned Income Tax Credit (CalEITC), which was even lower, 56%. There are several possible explanations, including the complexity of tax filing, the lack of available assistance, and the loss or gain of income that would make a filer ineligible. This finding suggests that receiving the FYTC or the CalEITC in a particular year is not adequate motivation to ensure that individuals will receive it in subsequent years. Additional outreach and support is required.

6. The rate of FYTC receipt among youth who used paid preparers remains low, suggesting that it is being missed.

In 2024, the percentage of individuals who claimed the FYTC by using a paid tax preparer increased, from 5% to 8%. Paid tax filers are companies, such as H&R Block, Jackson Hewitt, and Liberty Tax, that provide in-person tax assistance. This category of tax filing does not include self-administered on-line services such as TurboTax. In 2024, JBAY learned that paid preparers are not required to receive any training on state tax credits, such as the

FYTC. This explains part of the reason why FYTC claims from paid preparers are low. Additionally, JBAY learned that youth who requested that their paid tax preparer claim the FYTC were told that it would cost an additional fee and that the FYTC was not included in the standard service. These reports were anecdotal and collected from youth who visited a project VITA site to amend their return and claim the FYTC.

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

Los Angeles County experienced a significant increase in the number of FYTC claims from 2023 to 2024, 34%. One likely cause for this increase was a county-wide effort to increase utilization of state tax credits, led by the Office of the Los Angeles County Chief Executive Office in partnership with the Economic Security Project. This effort established tax filing as a priority activity for all county agencies and established a single “warm line” where county personnel could direct filers in real time to community-based assistance centers to receive help filing their taxes. The Los Angeles County Department of Child and Family Services was actively involved in the project, requiring county social workers to inform clients about tax filing and how to receive free assistance. Similar efforts to integrate tax filing outreach for foster youth into larger county efforts may be equally effective.





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

In 2024, JBAY piloted the use of social media ads to increase awareness about the FYTC and to promote tax filing. Ads started to run in December 2023 on Facebook and Instagram, with the goal of driving traffic to the JBAY website, where foster youth could learn about the FYTC and sign-up to complete their taxes at a foster youth-specific VITA site. In total seven unique ads were run. In total, these ads were seen by 333,875 people. Approximately 10% of these individuals (32,728 people) who saw an ad visited JBAY’s FYTC information page on its website. This exceeded the project’s goal of 21,000 website visitors. While increasing access to FYTC information is a positive development, providing this information alone did not appear to have a corresponding increase in tax filing.



9. Centrally mailed fliers about the FYTC appeared to increase utilization.

In 2024, JBAY asked a select number of counties to directly mail information about the FYTC to older youth in foster care, aged 18 to 21. These counties included Los Angeles, San Francisco, Alameda, Santa Clara and Contra Costa. While this is not the total population of eligible individuals, it is a group that is easily identifiable and one that county child welfare agency social workers are required to meet with on a monthly basis. Each flier included a county-specific QR code to track how many times it was scanned. The county with the most scans was Alameda, (573), following by Los Angeles (286), Contra Costa (79), Santa Clara (33) and San Francisco (24). This approach appeared to be an effective in the four that sent the information centrally, rather than asking county social workers to send them to their individual case load. These four counties experienced an increase in FYTC returns over 2023: Alameda, (10%), Los Angeles (34%), Santa Clara (18%) and San Francisco (19%).

“This was a positive experience for me. I really enjoyed the whole experience and the food that was provided was a great touch. Everyone was amazing.”

FORMER FOSTER YOUTH AND SECOND YEAR FILER WITH SFCASA





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

In 2024, some transitional housing providers issued a 1099-MISC or 1099-NEC to youth for the housing stipend provided by the organization. By doing this, the housing provider is creating a heavy tax liability for the youth because it appears that the stipend is taxable income. Both the IRS and FTB are clear that this is not the case. Additional education is required of transitional housing providers to prevent this practice. An All County Information Notice from the California Department of Social Services is one strategy to prevent this well-intentioned, but incorrect practice.

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

A key challenge identified by the project VITA sites was identity theft. This was first identified in JBAY’s 2022 report, which found incidents of identity theft among 17% of filers. In 2024, some youth were unaware that they had been falsely claimed as a dependent on someone else’s return and most youth were uncertain if they qualified as someone else’s dependent. To prevent identity theft, VITA sites helped youth establish an Identity Protection PIN. These also presented serious challenges if they were established in a prior year and needed to be reset because some youth did not have the same email account or phone number.

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

According to project VITA sites, there was a notable increase in letters from the FTB, requesting additional information or disallowing youth from the FYTC. In these circumstances, youth required assistance to interpret the letter and submit the requested information. This occurred after taxes were initially filed and required the youth to open the FTB letter and act on it. Failure to do so resulted in youth not receiving the FYTC. Given the prevalence of this, project VITA sites recommended that youth receive guidance and support specific to this, including reminders to check their mail, one-on-one support to read and interpret the letters, and assistance gathering requested forms and mailing or faxing the forms.

“Tax filing is important for the foster youth population because it not only provides a much needed one time influx of cash to help uplift them out of poverty but it is also a great catalyst for our clients to learn more about their finances. It can inspire them to obtain their vital documents, think about building their credit, and take banking, budgeting and investments a little more seriously.”

VERONICA GALVEZ
THE COMMUNITY COLLEGE FOUNDATION





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

Foster youth reported high levels of satisfaction with the assistance provided by the foster youth specific-VITA sites. Each of these sites started as youth-serving organizations and have added the capacity to help youth file taxes. As such, these organizations have a deep understanding of the experiences of foster youth and employ approaches that reflect those experiences. Unfortunately, each of the four project sites reported funding challenges to sustain their sites. At one site, there was just one full-time employee to coordinate all site activities. Grants provided by the United Ways of California or Golden State Opportunity are valued, but not large enough to sustain the sites. Even these grants may be in jeopardy due to a significant reduction in state Free Tax Preparation Assistance funding in the 2024-25 state budget.

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

As those familiar with the foster care system are well-aware, there are considerable confidentiality protections for youth and their families. While well-intended, these requirements make it challenging to conduct outreach to young adults eligible for the FYTC. For example, a county child welfare agency is not authorized to provide a list of eligible youth to a VITA site to conduct outreach. Given this, it is clear that the state Department of Social Services and county child welfare agencies play a critical and direct role in outreach to foster youth. Activities that may increase utilization include a state requirement that all youth are directly sent information about the FYTC and a requirement that all Independent Living Program classes inform foster youth about tax filing.

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

Currently, most activity to promote tax filing occurs between the end of January and April 15th. This narrow window is insufficient to reach the large, diffuse population of foster youth eligible for the FYTC. Given this, JBAY will change its approach from a seasonal one to a year-round one. This will include subgranting with VITA sites to provide services year-round, selecting year-round generalized VITA sites to train and engage in partnership, and developing a year-round curriculum of activities for county child welfare agencies to operationalize.





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

The project's foster youth-specific VITA sites provide high quality service to foster youth who are assisted by them. Unfortunately, their numbers are limited. Even if they operate at full capacity, the FYTC will not be fully utilized unless a larger number of VITA sites help foster youth claim the FYTC. General VITA sites present an important opportunity to expand the number of foster youth assisted, with special emphasis on sites operating year-round. In 2024, JBAY piloted this approach and identified a high-capacity, year-round VITA site in Fremont, CA. The site coordinator was receptive to the idea of serving foster youth and a youth referral process was developed. Through this process, it became clear that training on the FYTC and the experience of foster youth is important for generalized VITA sites. For example, some youth were told by a generalized VITA site volunteer that the foster youth verification was required to receive the FYTC. This demonstrates that while these sites are expert in tax filing, they have a limited knowledge of the experiences of foster youth and how to support their tax filing. JBAY has developed a training to address this and will be securing partnerships with general VITA sites in large counties, with an emphasis on year-round sites to allow tax filing to continue beyond April.

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

Project VITA sites recommended that tax filing be a topic in financial literacy classes provided to foster youth. They reported a high level of confusion among youth about taxes, including a misbelief that they file their "regular" taxes and then file a second time to receive the FYTC.

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

In 2023, JBAY identified partnering with NextUp programs as a priority strategy in 2024. While this occurred, additional effort is required. NextUp has the same age and foster care eligibility criteria as the FYTC. Additionally, students are eligible for special tax credits, namely the American Opportunity Tax Credit and Lifetime Learning Credit. Many foster youth reported not knowing about these credits and feeling reticent about calculating them, which can be a complex process. Given this alignment, work is required to educate and engage this group of college campus support personnel and students about the FYTC.



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John Burton Advocates for Youth improves the quality of life for youth in California who have been in foster care or homeless by advocating for better laws, training communities to strengthen local practices and conducting research to inform policy solutions.



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