



HELPING FOSTER YOUTH FILE TAXES

A Training for College Campus
Personnel on Supporting Students with
Filing Taxes and Claiming the Foster
Youth Tax Credit

January 14, 2025





Agenda

- Introductions & Ice Breaker
- Why Should Current & Former Foster Youth File Taxes?
- Overview of Foster Youth Tax Credit & Common Credits
- Foster Youth Tax Credit Implementation Progress
- How College Campus Personnel Can Support Foster Youth Students to File their Taxes
- What Happens After Youth File & How Can We Help?
- Q&A



Presenters

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Why Should Current & Former Foster Youth File Taxes?





Why Should Current & Former Foster Youth File Taxes?

In 2024, current & former foster youth ages 18-25 who filed received an average of:

- ✓ **\$1,370 cash back** for single filers
 - ✓ **\$5,265 cash back** for parenting filers!
- Just 4% owed taxes.



Cash Money!



Tax filing is how you access state or federal relief



Establishes income for public benefits; tax refunds aren't counted against eligibility



Important independent living skill—eventually we all have to do it!



Uncovers identity theft

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 2025 the FYTC will provide up to \$1,154 for youth who:

- ✓ File their 2024 state tax return
- ✓ Were age 18-25 on 12/31/24
- ✓ Were in foster care on or after 13th bday
- ✓ Earned between \$1 - \$31,950
- ✓ Lived in CA at least half of 2024
- ✓ Have a Social Security Number or Individual Tax Identification Number (ITIN)



Snapshot: Year Two of FYTC Implementation*



5,693 youth
received the Foster
Youth Tax Credit

- 16% increase from 2023
- 16% of the eligible population



\$6.1 million
collectively
received for
FYTC alone



Power of the FYTC

When combining with other credits youth received, this number jumps to more than

\$9 million

Average tax returns:

- **\$1,370 (single filers)**
- **\$5,265 (parenting filers)**

***As of November 30, 2024**



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.




Rates of FYTC receipt by county vary greatly

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%

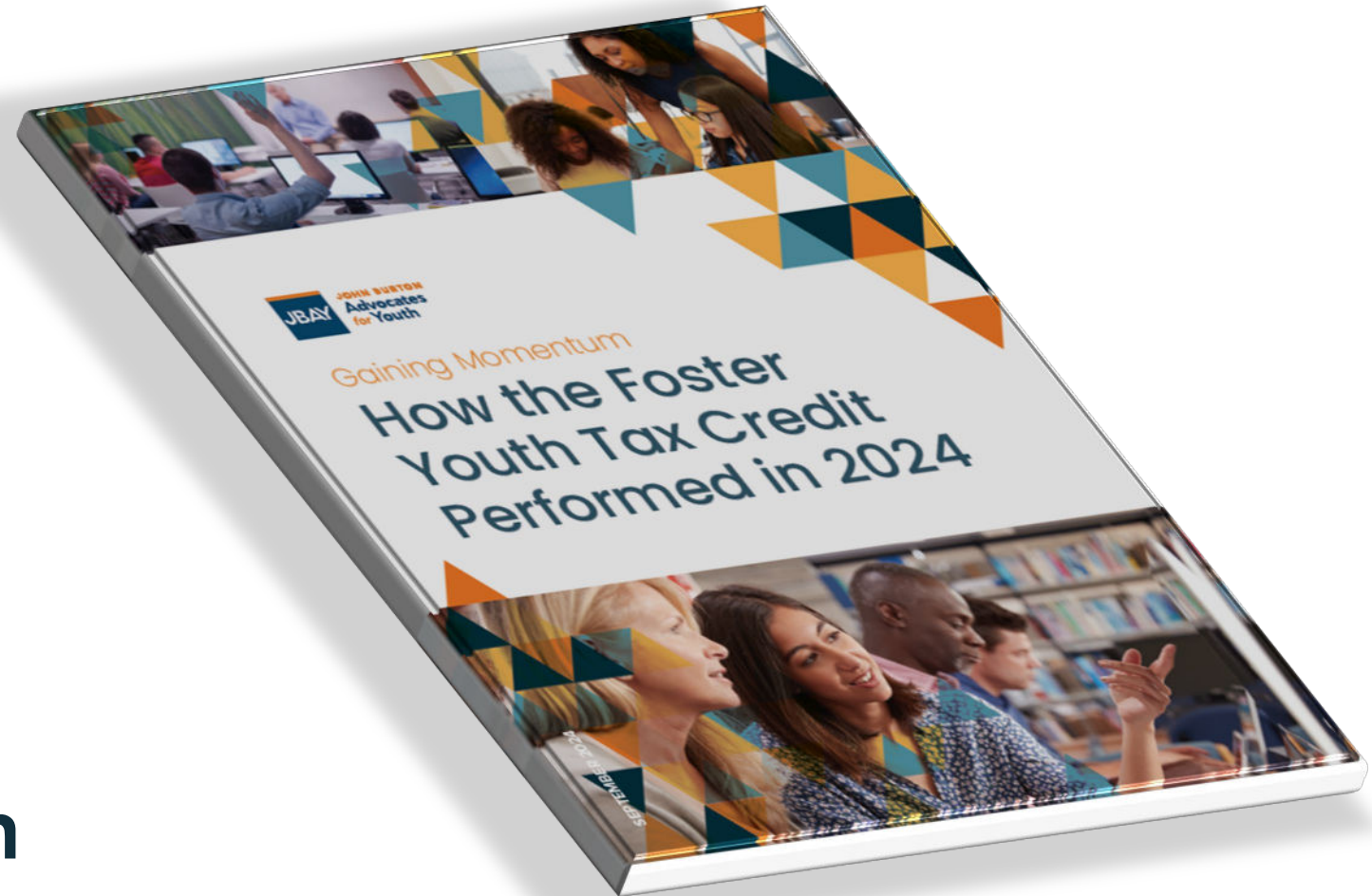
COUNTY	RATE OF RECEIPT*
SAN FRANCISCO	13%
SAN JOAQUIN	19%
SAN LUIS OBISPO	25%
SAN MATEO	8%
SANTA BARBARA	17%
SANTA CLARA	18%
SANTA CRUZ	13%
SHASTA	32%
SOLANO	22%
SONOMA	15%
STANISLAUS	23%
SUTTER	46%
TEHAMA	21%
TULARE	15%
VENTURA	21%
YOLO	16%

For the 24 counties with less than 11 youth claiming, rates could not be calculated because exact figures were not provided due to state data masking requirements.

*As of August 31, 2024



**Learn more
about FYTC
implementation
from our latest
report & webinar**



<https://jbay.org/resources/9-18-24-webinar/>

How College Campus Personnel Can Support Foster Youth Students to File their Taxes





How Can I Help?



Conduct outreach



Educate youth



Help youth prepare to file



Help youth make an appointment at a local VITA site

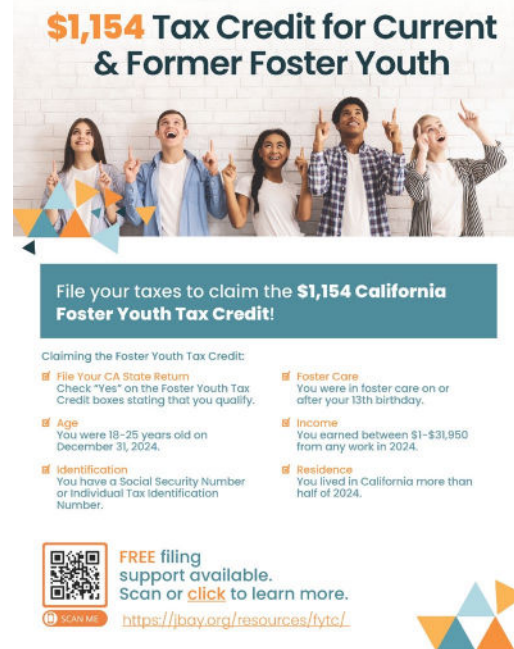
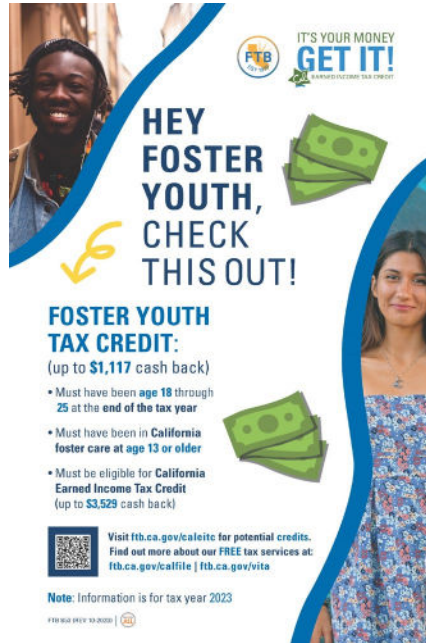
OR



Help youth self-file

Materials available at: <https://jbay.org/resources/tax-filing-tax-credits-informational-resources/>

Conduct Outreach



Order posters/flyers
from the State
Franchise Tax Board:
<https://tinyurl.com/FTB-FYTC>

Download flyer from
JBAY
<https://jbay.org/resources/fytc-flyer/>

Social media toolkit
<https://tinyurl.com/2025-FYTC-SM>



Educate Youth: Host a Tax Prep Workshop Using JBAY's Curriculum, "Taxes 101"



You don't have to be a tax expert to deliver this curriculum



Vetted by young adults with foster care experience



Includes engagement activities
(i.e. quizzes, polls, discussion)

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?





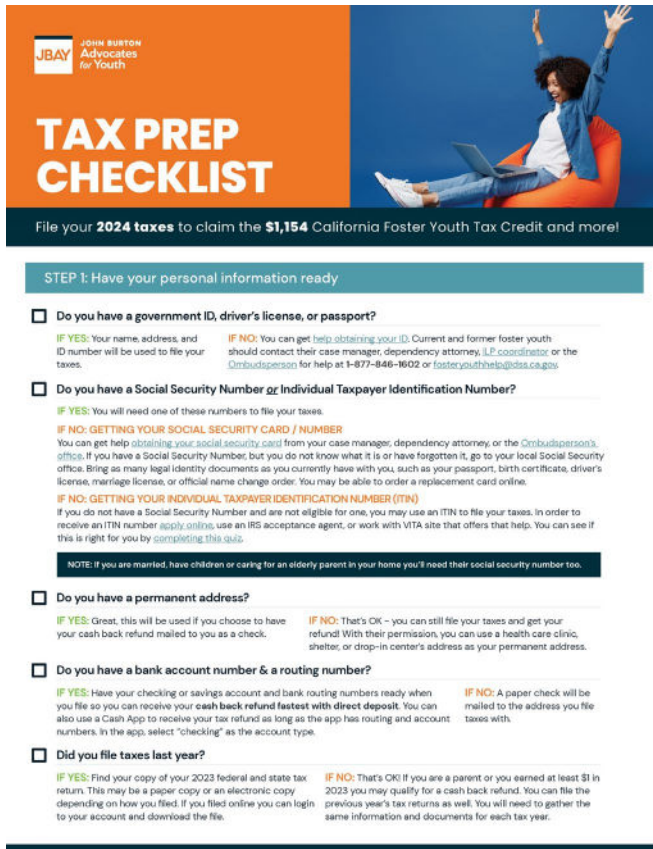
Deliver a Taxes 101 Workshop Series: *How To*

- **Delivered across two sessions, each 1.5 hours long.**
 - Could be done as part of three-part series concluding with a third session to assist youth with filing taxes in partnership with a local tax assistance site.
- **Can be done virtually or in person.**
 - In person: Requires WiFi and PPT capability. Food and prizes recommended. One training room is sufficient.
 - Virtual: Recommended to set up polls/quizzes ahead of time in an app. Breakout rooms needed.
- **At least two staff members recommended; add'l support is helpful if virtual.**
- **Preparation:** Review trainer's guide and slide deck ahead of time; print select items if in person.

Download PPT & Trainer's Guide:
<https://jbay.org/resources/taxes-101/>



Help Students Prepare to File: Tax Prep Checklist



- 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/>



There are Three Main Ways Students Can File Taxes



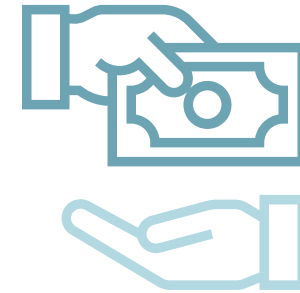
Self-File Online
FREE if you use a free site

(Most common:
81% of youth)



1:1 Assistance from
a Volunteer Income
Tax Assistance
(VITA) Site
FREE

(11% of youth)



Paid Preparer
NOT FREE – not recommended

(8% of youth)



VITA Sites: 1:1 Free Tax Preparation



Volunteer Income Tax Assistance (VITA) Sites offer **free, one-on-one** tax return preparation to people who earn \$67K or less.



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.



VITA Roster

When tax season officially begins, use JBAY's VITA roster to locate:

- **VITA sites for foster youth:** There are 5 located in Bay Area and LA. These sites are best-equipped to serve current and former foster youth.
- **General VITA sites that have been trained on the FYTC:** These sites have received training from JBAY on the FYTC and assisting foster youth clients.
- **Sites open beyond April:** Most VITA sites close after the April tax deadline. JBAY has identified sites statewide that remain open longer, many until October.
- **The VITA locator provided by the IRS:** You can use this to identify any add'l sites across the state.
 - *If visiting a general VITA site, student should bring info about the FYTC to make sure the person assisting them is aware of it: <https://jbay.org/resources/fytc-info-for-tax-preparers/>*

ROSTER: <https://jbay.org/resources/fy-vita-sites/>



SFCASA'S VITA Site Will Provide Virtual Tax Assistance Statewide

- San Francisco Court Appointed Special Advocates (SFCASA) is one of five foster youth VITA sites statewide.
- They are available to:
 - ✓ Coordinate with other CASA programs statewide to assist youth with tax filing
 - ✓ Assist youth directly, regardless of their involvement with CASA
 - ✓ Can assist virtually and in person
- www.sfcasa.org/fileyourtaxes
- fytaxhelp@sfcasa.org

Free tax preparation for current/former foster youth.
Ready to file your taxes in 2025? SFCASA's VITA site has got you covered! Scan the QR link below or visit sfcasa.org/fileyourtaxes



#FileYourTaxes

File safely and securely with SFCASA.

OPENS 02/03/25

VIRTUAL + IN-PERSON SERVICES
MONDAY-SATURDAY
HABLAMOS ESPAÑOL



Claim up to \$1,154 for the CA Foster Youth Tax Credit + other refundable credits!

Get a \$25 gift card for filing with us!

sfcasa.org/fileyourtaxes
fytaxhelp@sfcasa.org



Self-Filing



- This is the most common way to file for young adults who received the FYTC in 2024 (81%).
- File for free at myfreetaxes.org.
- You can also self-file using Turbo Tax, etc. but unless you get the free version, you will pay for these programs.
- **There are two resources for youth that walk through self-filing for free:**

Step-by-Step Guide: <https://jbay.org/resources/self-filing-guide/>

Interactive Training: <https://tinyurl.com/ifoster-tax-training> (In partnership with iFoster; currently being updated for the 2025 tax season)



Tax Events



Self-Filing Event

- Group of students follow the Self-Filing Guide to complete their taxes on myfreetaxes.org.
- If they get stuck or have questions, VITA volunteers are present to assist.
- Ideal for students who have some reservations about self-filing on their own.

VITA Sub-Site Event

- A local VITA site essentially brings their site to you for a day.
- Students are assisted one-on-one. VITA volunteers file their taxes.
- Ideal for students who could benefit from more support.



Self-Filing & Sub-Site Events: *How-To*

Partner with local VITA site:

- Use VITA roster to identify a local site that can send VITA volunteers
- Request their partnership on a “sub-site event” or “self-filing event.”
- Can also consider inviting other partners: e.g. another campus or local housing provider can send add'l youth/students.

Extensive outreach:

- Emailing, texting, calling, flyers, RSVP form
- Then do it all again! It takes a lot of outreach to secure attendance.
- **Incentivize attendance:** Can you offer financial incentives - gift cards? Raffle? Food is a must!

Self-Filing & Sub-Site Events: *How-To*



Make sure students are prepared:

- **Host a three-part event:**
 - (1) “Taxes 101” workshop part 1
 - (2) “Taxes 101” workshop part 2
 - (3) Self-Filing or Sub-Site Event

OR

- **Meet one-on-one with each youth prior to the self-filing or sub-site event to review the Tax Prep Checklist and help them gather their documents.**



Self-Filing & Sub-Site Events: *How-To*



Logistics	Self-Filing Events	Sub-Site Events
Timing	One event that everyone attends together. Recommended timing: 3 hours	Appointments are best, even if accepting drop-ins, to help estimate timing and attendance. Length of event entirely dependent on availability of VITA volunteers.
Space Requirements	1 large room with adequate space between students to ensure privacy. Have designated check-in area for students to check in and ensure they have their documents ready at beginning of event. Seating should allow visibility of projector screen and capability to work at computers.	1 room for appointments with adequate space between volunteers to ensure privacy. Separate waiting area/room ensures students working on their taxes with a volunteer are not disturbed by those waiting for their appointment. At check-in, ensure students have their documents ready while they await their appointment.
Equipment Needed	Projector with self-filing guide displayed. Computer for each student. Printer recommended.	Computer for each VITA volunteer. Printer recommended.
Staffing on Campus	At least 2 staff members recommended for groups of up to 15 students. At least 3 staff for groups larger than 15.	At least 2 staff members recommended for groups of up to 15 students (1 at check-in, 1 inside appointment room). At least 3 staff for groups larger 15.
VITA Volunteers	1 VITA volunteer for every 5 students recommended.	Ask VITA site for their recommendation based on your group size and the time available.

What Happens After Youth File And How Can We Help?





Taxes Are Filed...Now What?

- **What if a student 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 student 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.



Tax Fraud: What Does this Look Like?

- Student filed their taxes; their return was rejected because someone already filed using their SSN or ITIN.
- Student receives a notice from the IRS about wages they didn't earn or received a W-2 or 1099 from an employer they don't recognize.
- Student received mail from a government agency about an unemployment claim or payment and they did not recently file for unemployment benefits.
- While student is still employed, their employer received a request for information about an unemployment claim in the student's name.



Internal Revenue Service: Identity Theft Central
[IdentityTheft.gov](https://www.irs.gov/identity-theft-central)

Franchise Tax Board
<https://www.ftb.ca.gov/help/scams/tax-fraud.html>



Taxes Are Filed...Now What?

- **What if a student 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 students prepare for next year?**
 - Remind them to save documents for next year!
 - Taxes from this year, receipts for higher education and self-employment expenses, W-2s, etc.
 - Help students understand their tax liability when financial aid is not spent on qualified expenses.





Important for Students—Taxes & Financial Aid

Grants and scholarships are tax free under certain conditions.

Financial Aid is <u>Tax-Free</u> WHEN:	Financial Aid is <u>Taxable</u> WHEN:
The student is attending an accredited college or university.	The student is attending an unaccredited college or university.
The award is spent on qualified education expenses such as tuition, fees, books and class supplies.	The award is spent on expenses that are not qualified such as room and board.
For students claiming the LifeTime Learning Credit , the qualified expenses are purchased from the school.	For students claiming the LifeTime Learning Credit , the qualified expenses are purchased from an outside source like Amazon, Target or anywhere other than the school.
The award is for courses that <u>will</u> lead to a degree.	The award is for a certificate program or courses that <u>will not</u> lead to a degree.



So, What's the Bottom Line Here?

It's important for students to:

- ✓ Spend their financial aid on **qualified education expenses**.
- ✓ **Keep receipts** for purchases made with financial aid funds.
- ✓ Be aware that if their financial aid exceeds their qualified expenses, **they may owe taxes**.
- ✓ Students should **put money away** for paying taxes if their income level requires them to file and they may owe.
- ✓ **For community college students:** Be aware that financial aid for certificate programs **is taxable**.



For Future Questions:

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