



## Anna M. Caballero

14<sup>th</sup> Senate District

### **SB 624 – Foster Outreach and Support for Tax Education Readiness (FOSTER) Act**

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#### **SUMMARY**

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Senate Bill 624 increases access to the Foster Youth Tax Credit (FYTC) through the implementation of robust standardized outreach protocols for county child welfare agencies and juvenile probation departments, which will reduce poverty amongst current and former foster youth.

#### **BACKGROUND**

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The FYTC, a component of the California Earned Income Tax Credit (CalEITC), is a refundable tax credit available to youth ages 18-25 who were in foster care at or after their 13<sup>th</sup> birthday and qualify for the CalEITC. In 2023, 5,680 recipients collectively received \$6 million from the FYTC. However, only 16% percent of eligible youth claim the FYTC.

Under this tax credit, eligible youth can receive \$1,154, which can provide much needed financial relief for eligible youth that file. However, since 2012, policy changes in the CalEITC have revealed that many foster youth between the ages of 18-20 do not file taxes, and therefore do not receive the FYTC.

#### **PROBLEM**

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In the 2022-23 fiscal year, the Legislature allocated \$21 million to the FYTC. However, only \$6 million has been spent to date, and 85% of eligible youth do not claim this credit.

Those who are parents themselves are more likely to file, but most foster youth earn below the filing threshold and lack guidance on tax preparation. Without the adequate support and resources, they may never learn this essential skill. Additionally, many filers may not be aware this tax credit is available to them.

#### **SOLUTION**

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SB 624 will require counties to reduce poverty rates amongst current and former foster youth through a substantial increase in the exposure and access to the FYTC through various outreach efforts at the county level.

This bill will require county child welfare agencies and juvenile probation departments to annually mail information about the FYTC and free tax filing assistance to all non-minor dependents.

This essentially means that foster youth will receive this information when they first become age-eligible for the FYTC, which will help them become accustomed to filing taxes and claim the FYTC. Moreover, this will create stable effects throughout their early 20s and beyond.

This bill will require the California Department of Social Services (CDSS) to issue and release an All-County Information Notice (ACIN) at least bi-annually to county welfare departments and juvenile probation departments, which will contain robust education and outreach strategies, alongside state-issued guidance on best practices to support non-minor dependents in filing state and federal income tax returns to access the FYTC.

This guidance to counties will promote awareness about opportunities for counties to partner with local Volunteer Income Tax Assistance (VITA) sites certified by the Internal Revenue Service, as well as host educational income tax filing workshops and provide free resources to assist foster youth with self-filing either through the Independent Living Program or other related community-based organizations.

California has an obligation to alleviate financial and societal burdens from its most vulnerable communities. SB 624 is a crucial step to ensure foster youth have access to the financial resources available to them in order to reduce poverty and improve financial literacy in the long-term.

#### **SUPPORT**

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John Burton Advocates for Youth

#### **CONTACT**

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