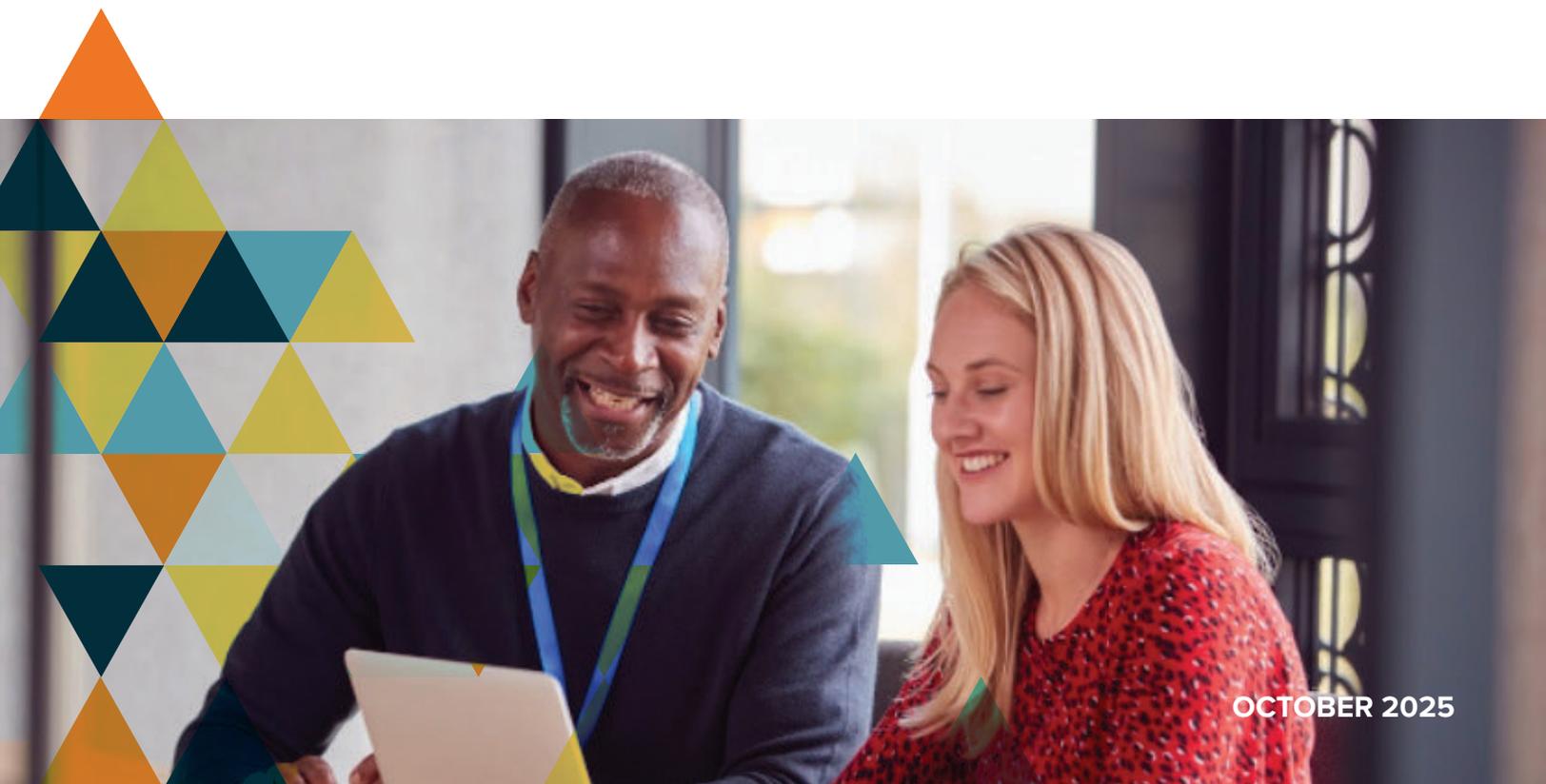




A Look at California's First Three Years

The Nation's First Tax Credit for Foster Youth



OCTOBER 2025

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Executive Summary

In just three years, the California Foster Youth Tax Credit (FYTC) has delivered **nearly \$17 million** directly into the hands of current and former foster youth ages 18 and 25. Beyond providing critical cash, the FYTC is helping young people build financial literacy through the practice of tax filing. As the first and only tax credit in the nation created specifically for current and former foster youth, the FYTC aims to interrupt intergenerational poverty by leveraging the state tax system to redistribute wealth.

Motivated to file by the FYTC, youth are also accessing a range of state and federal tax credits. Together with the FYTC, these credits have returned **more than \$33 million** to current and former foster youth between 2023 and 2025—an especially meaningful impact for a population where more than half of those working live below the federal poverty level.

HIGHLIGHTS FROM 2025 INCLUDE:

- **5,446 youth** received the FYTC—a slight dip from 2024 but a **15 percent increase from 2023**. This slight decline from 2024 also occurred for the California Earned Income Tax Credit and the Young Child Tax Credit.
- The rate of FYTC receipt among eligible youth rose to **16 percent**, up slightly from 15 percent in 2024, and from 9 percent in 2023.
- FYTC recipients collectively received **\$6 million** from the FYTC, an increase from 2023 and relatively consistent with 2024.
- Average tax refunds were **\$1,857 for youth without dependents**—up 27 percent from 2023, and **\$4,008 for youth with dependents**—down 25 percent from 2023.
- Overall, FYTC recipients received nearly **\$11.5 million** in total tax refunds.
- Tax refunds boosted incomes by an average of **10 percent for youth without dependents**, and **26% for youth with dependents**.
- Tax refunds reduced poverty by **9 percent for filers without dependents** and **7 percent for filers with dependents**.
- Most youth (**92%**) **had no tax liability**, with students and gig workers most likely to owe.
- Filing patterns have shifted incrementally since 2023, with a **greater proportion of FYTC recipients filing as “single,”** and less filing as “head of household.”
- A growing share of FYTC recipients filed with **Volunteer Income Tax Assistance (VITA)** sites rather than self-filing.
- **84% of FYTC recipients were ages 20-25**, reflecting when youth are most likely to earn income.
- The biggest barrier to expanding the reach of the FYTC remains connecting with youth who **exited foster care prior to turning 18** and are no longer connected to the system.
- Foster youth VITA sites often provide support that **extends well beyond tax preparation**.
- Staff at general VITA sites expressed a strong **interest in training** on how to better support current and former foster youth with tax filing.



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While these results are promising, more must be done to ensure this important resource reaches additional youth. Key recommendations in 2025 include:

- Adopt best practices for FYTC outreach and tax filing assistance from Senate Bill 624 Caballero, 2025).
County child welfare agencies and probation departments
- Draw on local data sources outside of county child welfare to reach youth who exited foster care prior to reaching age 18 and notify them of their potential eligibility for the FYTC.
County agencies and local partners
- Implement training for staff and volunteers from general VITA sites on assisting current and former foster youth and claiming the FYTC.
VITA sites
- Replicate Los Angeles County’s “Claim Your Cash” Pilot Program.
County Chief Executive Offices and local partners
- Standardize the provision of financial literacy education for older foster youth.
The State of California
- Ensure youth have a bank account upon exiting foster care.
County child welfare agencies and probation departments



Introduction

John Burton Advocates for Youth (JBAY) is committed to improving the quality of life for youth in California who have experienced foster care or homelessness. A central part of this mission is expanding opportunities for economic mobility. Since 2017, JBAY has advanced efforts to increase awareness of and access to tax credits for this population, beginning with the Newsom Administration's policy change that allowed young adults ages 19 to 24 to claim the California Earned Income Tax Credit (CalEITC), even without dependent children. This foundational work, known as the California Foster Youth Tax Project, laid the groundwork for the creation of the California Foster Youth Tax Credit (FYTC) in 2022.

ESTABLISHMENT OF THE CALIFORNIA FOSTER YOUTH TAX CREDIT

The FYTC, a refundable tax credit and a program of the CalEITC, was championed by Governor Gavin Newsom, Senator Anna Caballero, and former State Controller Betty Yee, and sponsored by JBAY.¹ The FYTC is the first and only tax credit in the nation specifically for current and former foster youth. In the 2025 tax season, the FYTC provided up to \$1,154 to eligible youth. Those eligible for the FYTC:

- Were between 18 and 25 years old on the last day of the tax year.
- Were in foster care on or after their 13th birthday.
- Are eligible for the CalEITC, which requires earnings of at least \$1 during the tax year but no more than the maximum income threshold, which in 2025 was \$31,950; possession of a Social Security Number or Individual Tax Identification Number, and residence in California for more than half of the tax year.

The California Franchise Tax Board (FTB) administers the FYTC in partnership with the California Department of Social Services (CDSS), which is responsible for verifying foster care eligibility.

IMPLEMENTATION STRATEGIES

The 2025 tax season marked the third year the FYTC could be claimed by eligible current and former foster youth who filed their state taxes. Since the creation of the FYTC in 2022, JBAY has supported FYTC implementation through a range of strategies in partnership with stakeholders across the state, including county child welfare agencies and probation departments, community-based organizations, Volunteer Income Tax Assistance sites, advocates, colleges and universities, philanthropy, state agencies, and young leaders. Since 2023—the first tax season the FYTC was available, awareness has grown and more youth are accessing the financial benefits of tax filing. This section summarizes these implementation strategies.

A. Education and outreach

JBAY has partnered with youth-serving organizations and agencies across the state to disseminate information about the FYTC to current and former foster youth, along with guidance on how to file taxes



for free. This includes hosting informational webinars and in-person presentations; the development of a collection of outreach, education and assistance materials; leading an FYTC claiming rate competition between counties; and launching a digital marketing campaign drawing on social media advertising and posts.

B. Access to Free, One-on-One, Professional Tax Preparation

JBAY recognizes the need for free tax preparation services dedicated to assisting current and former foster youth. Since the inception of the Foster Youth Tax Project, JBAY has provided subgrants to youth-serving organizations to establish and operate specialized Volunteer Income Tax Assistance sites (VITA) for current and former foster youth. JBAY also offers training to general VITA sites on claiming the FYTC and assisting foster youth, and maintains a roster of sites that have received this training. In 2025, JBAY provided financial support to four foster youth VITA sites, and trained VITA volunteers with 24 general VITA sites. The four foster youth VITA sites filed a total of 656 tax returns, which collectively refunded \$1,340,490 to the youth they assisted. Throughout this report, data gathered from these sites will serve as a sample for further analysis.

FIGURE A: NUMBER OF YOUTH SERVED AT FOUR FOSTER YOUTH VITA SITES, 2023-2025

FOSTER YOUTH VITA SITE	MAIN COUNTY SERVED	# OF TAXES FILED (2023)	# OF TAXES FILED (2024)	# OF TAXES FILED (2025)
The Community College Foundation	Los Angeles	216	282	323
San Francisco Court Appointed Special Advocates (SFCASA)	San Francisco	51	74	139
Bill Wilson Center	Santa Clara	216	113	93
Lutheran Social Services of Northern California	Contra Costa	104	150	101
TOTAL		587	619	656

C. Assistance with Free Self-Filing

JBAY and partners have developed and disseminated guides to help youth file their taxes themselves for free. Additionally, JBAY has led, promoted and incentivized community-based self-filing events where groups of youth self-file with guidance. Some organizations and college support programs have since institutionalized these events as part of their annual programming.





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D. State Policy Change

Following the establishment of the FYTC, JBAY has identified policy changes needed to increase awareness of and access to the FYTC. In 2025, JBAY sponsored its first legislative proposal pertaining to the FYTC since its creation in 2022: Senate Bill 624, the FOSTER Act, was authored by Senator Anna Caballero, and signed into law by Governor Gavin Newsom on October 1, 2025, due to take effect January 1, 2026. This bill requires the issuance of state guidance to counties on best practices for FYTC outreach strategies, and requires county child welfare agencies and juvenile probation departments to mail information annually about the FYTC and free tax filing resources to every nonminor dependent, which as of April 1, 2025 is a total of 7,420 youth.²

SB 624 aims to institutionalize outreach efforts at the county level, ensuring every nonminor dependent is aware of the FYTC and how to file their taxes for free, and encouraging broader outreach to youth still connected with county systems, including those participating in housing programs for former foster youth.



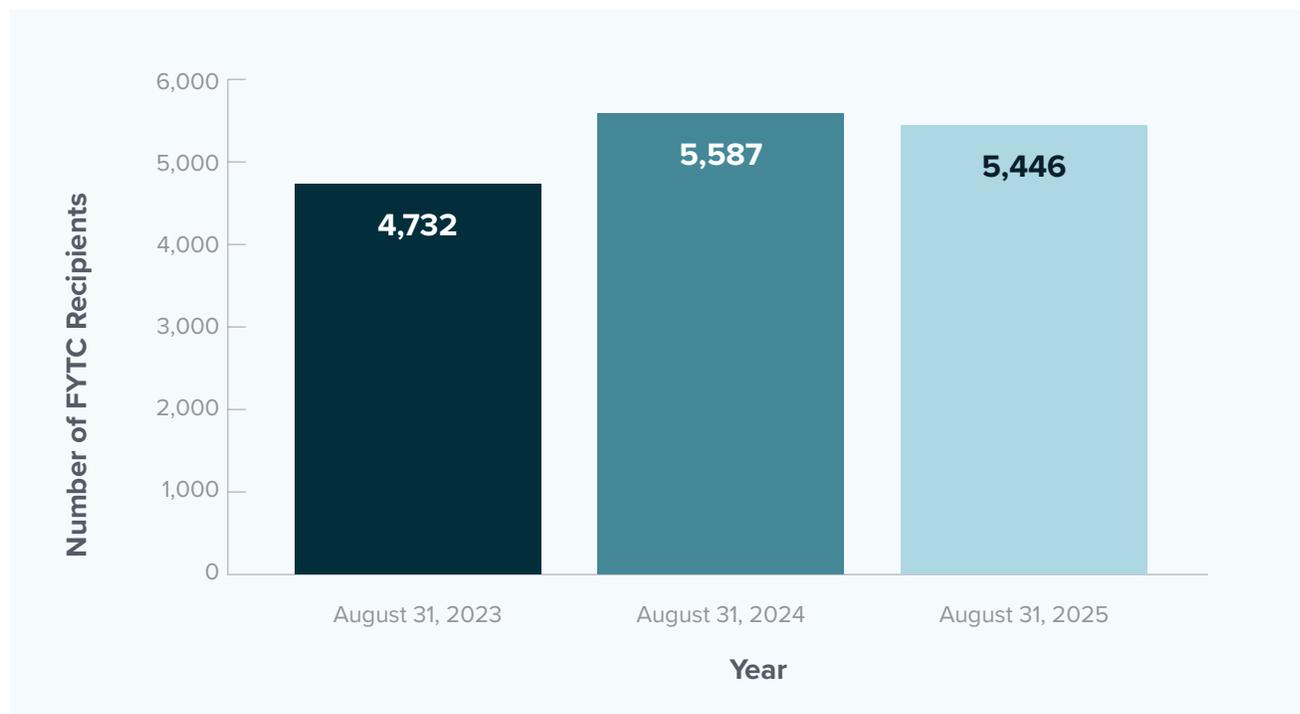
Findings

The following findings are derived from quantitative data provided by the California Franchise Tax Board (FTB) and JBAY's four partner foster youth VITA sites, along with qualitative observations made by JBAY and its partners. The data included in this report reflects tax returns filed as of August 31st of each year. Because the tax deadline for those who do not owe taxes is October 15th, final tax season figures will differ slightly from those reflected in this report.

NUMBER OF FYTC RECIPIENTS

1. **As of August 31, 2025, a total of 5,466 youth had received the FYTC, a slight decrease from 2024, yet an increase from 2023.** The number of youth who had received the FYTC as of August 31st decreased by 2 percent (141 fewer youth) from 2024, however increased by 15 percent (714 more youth) compared to 2023. (Figure B)

FIGURE B: CHANGE IN NUMBER OF FYTC RECIPIENTS, 2023-2025



Source: FTB EITC Summaries as of August 31, 2023; August 31, 2024; and August 31, 2025



- 2. Progress in increasing the number of eligible youth who receive the FYTC varied significantly across counties.** Between 2023 and 2025, Sutter County achieved the largest gain, with a 109 percent increase in FYTC receipt, while Stanislaus County experienced the steepest decline at 38 percent. It is important to note, however, that California counties differ widely in both population size and available resources, which affects the level of effort required to raise awareness of the FYTC and provide tax filing support. (Figure C)

FIGURE C: NUMBER OF FYTC RECIPIENTS BY COUNTY 2023-2025

COUNTY	NUMBER OF FYTC RECIPIENTS*			% CHANGE 2023-2025
	AUG 31, 2023	AUG 31, 2024	AUG 31, 2025	
ALAMEDA	174	191	187	7%
BUTTE	60	77	85	42%
CONTRA COSTA	128	127	135	5%
EL DORADO	28	29	26	-7%
FRESNO	237	245	240	1%
HUMBOLDT	33	30	24	-27%
IMPERIAL	<20	<20	22	Unknown
KERN	203	207	193	-5%
KINGS	36	37	41	14%
LOS ANGELES	1,044	1,401	1,359	30%
MADERA	22	27	27	23%
MERCED	59	65	58	-2%
MONTEREY	21	41	36	71%
ORANGE	226	268	261	15%
PLACER	46	46	39	-15%
RIVERSIDE	347	391	402	16%
SACRAMENTO	301	316	315	5%
SAN BERNARDINO	331	446	458	38%
SAN DIEGO	240	267	269	12%
SAN FRANCISCO	69	82	87	26%
SAN JOAQUIN	150	153	146	-3%
SAN LUIS OBISPO	42	60	49	17%
SAN MATEO	30	21	23	-23%
SANTA BARBARA	49	56	71	45%
SANTA CLARA	134	158	136	1%
SANTA CRUZ	28	27	26	-7%
SHASTA	71	75	62	-13%
SOLANO	56	72	51	-9%
SONOMA	57	59	68	19%
STANISLAUS	100	93	62	-38%
SUTTER	10	25	29	190%
TEHAMA	21	26	<20	Unknown
TULARE	85	88	93	9%
VENTURA	86	85	93	8%
YOLO	28	30	31	11%

Source: FTB EITC Summaries as of August 31, 2023; August 31, 2024; and August 31, 2025

*The FTB masks all numbers below 20, so the precise figures for these counties are unknown, represented by "<20" in the figure.



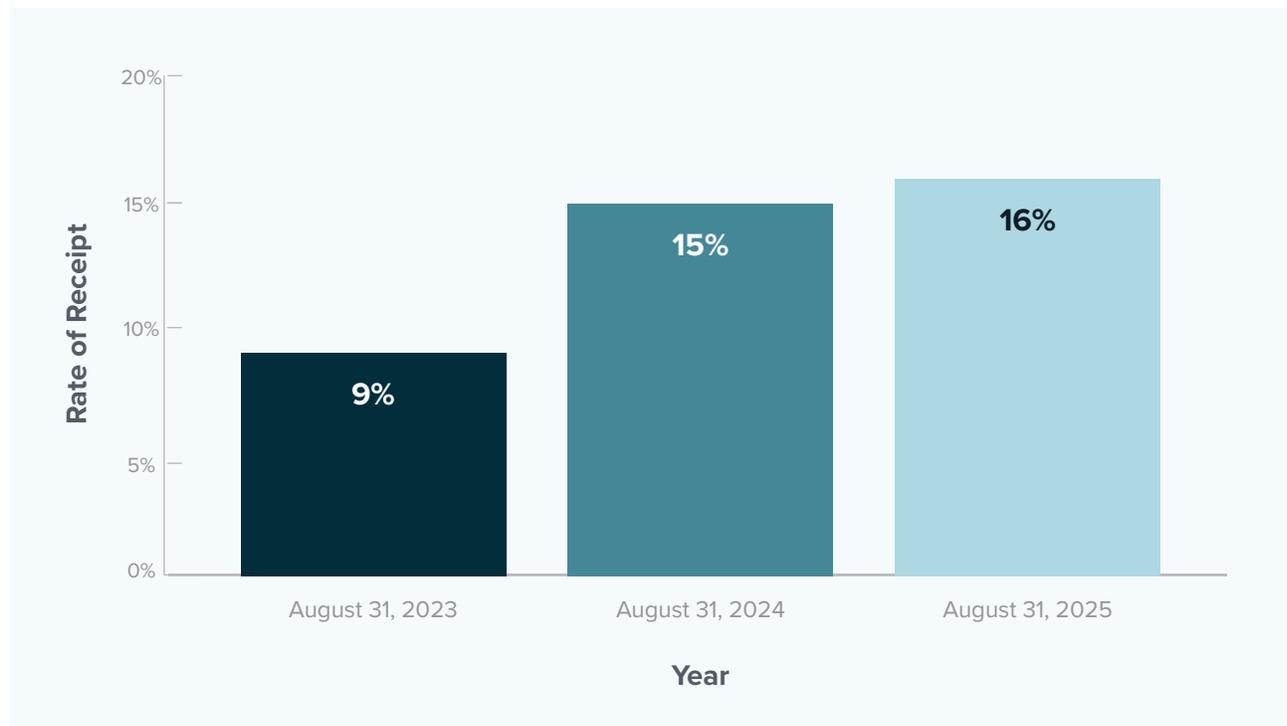


RATE OF FYTC RECEIPT AMONG ELIGIBLE YOUTH

3. In 2025, the FYTC rate of receipt among eligible youth rose to 16 percent, up slightly from 15 percent in 2024, and from 9 percent in 2023. Although the total number of FYTC recipients decreased slightly from August 31, 2024, the proportion of eligible youth who received it increased one percentage point. This is due to a smaller number of eligible youth in 2025 compared to 2024. FYTC receipt among eligible youth has increased seven percentage points from 2023, the program's inaugural year. (Figure D)

The eligible population was estimated using data from the California Department of Social Services (CDSS) and the California Child Welfare Indicators Project (CCWIP). In 2024, CDSS reported 61,307 current and former foster youth between the ages of 18 and 25 who had been in foster care on or after their 13th birthday. To qualify for the FYTC, an individual must have earned at least one dollar of income. Using CCWIP data—derived from the California Employment Development Department—this reduces the estimate to 33,648, reflecting the number of foster youth employed for at least one quarter between ages 18 and 25. Eligibility is further limited by the requirement that a youth cannot be claimed as a dependent on another person's tax return (such as by a foster parent, relative, or other adult). While this factor would lower the total number further, the exact impact is unknown. Therefore, this analysis conservatively estimates that 33,648 foster youth were eligible for the FYTC in 2025.

FIGURE D: RATE OF FYTC RECEIPT AMONG ELIGIBLE YOUTH, 2023-2025



Source: Author's analysis of data from the FTB EITC Summaries as of August 31, 2023, August 31, 2024, and August 31, 2025; data from CDSS and CCWIP





4. In 2025, the FYTC rate of receipt among eligible youth varied greatly among counties, ranging from 7 percent to 63 percent. Imperial county had the lowest rate of FYTC receipt in 2025, with 7 percent of their eligible population claiming the FYTC. Sutter county achieved the highest rate of receipt in 2025, with 63 percent of their eligible population receiving the FYTC. This wide range is not surprising, given California's diversity in foster care population sizes and available resources. When comparing counties to others similar in size, Sutter had the highest FYTC rate of receipt (63%) among small counties (0-500 eligible youth), Sacramento had the highest rate (22%) among medium-sized counties (501-1,500 eligible youth), and Riverside had the highest rate (19%) among large counties (more than 1,501 eligible youth). (Figure E)

**FIGURE E:
RATE OF FYTC
RECEIPT AMONG
ELIGIBLE YOUTH BY
COUNTY 2025**

Source: Author's analysis of data from FTB EITC Summary, CDSS, and employment data from CCWIP

*Counties with less than 20 FYTC recipients are omitted from Figure D because the rate could not be calculated due to the FTB masking figures less than 20.

COUNTY	RATE OF FYTC RECEIPT AMONG ELIGIBLE YOUTH*
ALAMEDA	18%
BUTTE	33%
CONTRA COSTA	21%
EL DORADO	16%
FRESNO	17%
HUMBOLDT	13%
IMPERIAL	7%
KERN	21%
KINGS	16%
LOS ANGELES	12%
MADERA	12%
MERCED	17%
MONTEREY	14%
ORANGE	19%
PLACER	19%
RIVERSIDE	19%
SACRAMENTO	22%
SAN BERNARDINO	16%
SAN DIEGO	16%
SAN FRANCISCO	15%
SAN JOAQUIN	19%
SAN LUIS OBISPO	22%
SAN MATEO	11%
SANTA BARBARA	25%
SANTA CLARA	18%
SANTA CRUZ	14%
SHASTA	28%
SOLANO	18%
SONOMA	18%
STANISLAUS	16%
SUTTER	63%
TULARE	17%
VENTURA	25%
YOLO	17%



**AMOUNT REFUNDED TO YOUTH FROM THE FYTC**

- 5. In 2025, the FYTC provided recipients with an average amount of \$1,104.** While the full credit amount in 2025 was \$1,154, the value decreases by \$20 for every \$100 earned above \$25,000 and phases out entirely at the maximum income threshold, which in 2025 is \$31,950. As a result, some FYTC recipients did not receive the full credit, lowering the overall average to \$1,104.
- 6. In 2025, FYTC recipients collectively received \$6,012,710 from the credit, an increase from 2023, and relatively consistent with 2024.** The amount of money youth received from claiming the FYTC in 2025 has increased 21 percent since 2023, and 0.5 percent since 2024, despite a slight decrease in the number of youth who received the FYTC from 2024. This is due to maximum tax credit amounts increasing annually for inflation indexing. (Figure F)

FIGURE F: NUMBER OF FYTC RECIPIENTS AND AMOUNT COLLECTIVELY RECEIVED FROM FYTC, 2023-2025

FILING STATUS	AUGUST 31, 2023		AUGUST 31, 2024		AUGUST 31, 2025	
	# OF FILERS	TOTAL \$ RECEIVED	# OF FILERS	TOTAL \$ RECEIVED	# OF FILERS	TOTAL \$ RECEIVED
Single	3,585	\$3,728,302	4,292	\$4,611,278	4,310	\$4,761,830
Head of Household	1,093	\$1,136,023	1,176	\$1,244,727	1,052	\$1,159,559
Married (Filing jointly or separate)	104	\$103,722	119	\$118,540	84	\$89,744
TOTAL	4,782	\$4,968,047	5,587	\$5,982,941	5,446	\$6,012,710

Source: FTB EITC Summaries as of August 31, 2023; August 31, 2024; and August 31, 2025



**AMOUNT REFUNDED TO YOUTH FROM ALL STATE AND FEDERAL CREDITS**

7. In 2025, average total tax refunds for FYTC recipients were **\$1,857** for those filing without dependents and **\$4,008** for those filing with dependents, a significant change for both populations compared to the prior two years. Many FYTC recipients are eligible for a range of other state and federal tax credits. Figure G shows the average total tax refund for youth who filed with one of four of JBAY's partnering foster youth VITA sites, broken down by filing status and year. Between 2023 and 2025, average refunds increased 27 percent for filers without dependents and decreased 25 percent for filers with dependents.

These shifts are likely tied to changes in income across years. As detailed in finding 10, a greater percentage of filers without dependents—and a smaller percentage of filers with dependents—had incomes below the federal poverty level in 2025 compared to previous years. The expiration of pandemic-era stimulus payments also may have contributed. While the third payment remained claimable in 2025, its effect was smaller than in 2024, when two earlier payments were still available. Stimulus payments were especially impactful for filers with dependents, helping explain the sharp change in that group's refund amounts.

FIGURE G: AVERAGE TAX REFUNDS OF YOUTH WHO FILED WITH A FOSTER YOUTH VITA SITE, 2023-2025

FILING WITH OR WITHOUT DEPENDENTS	AVERAGE REFUND: 2023	AVERAGE REFUND: 2024	AVERAGE REFUND: 2025	% CHANGE, 2023-2025
Filers without dependents	\$1,460	\$1,320	\$1,857	27%
Filers with dependents	\$5,343	\$5,265	\$4,008	-25%
All Filers	\$2,096	\$2,059	\$2,157	3%

Source: Author's analysis of data provided by Bill Wilson Center, Lutheran Social Services of California, San Francisco Court Appointed Special Advocates, and The Community College Foundation





- 8. Nearly \$11.5 million was collectively refunded to FYTC recipients in 2025, nearly consistent with 2024 but up from 2023.** In 2025, an estimated \$11,487,220 was refunded to FYTC recipients from filing. This is 1 percent less than the average tax refund in 2024 but 9 percent greater than 2023. The total amount refunded was determined by multiplying the average tax refund amount by the number of FYTC recipients who received a tax refund for the year, taking into account each year's respective average refund amounts by filing status. (Figure H)

FIGURE H: ESTIMATED TOTAL TAX REFUNDS BY FILING STATUS, 2023-2025

FILING STATUS	2023		2024		2025	
	# OF FILERS WHO RECEIVED A TAX REFUND	ESTIMATED TOTAL TAX REFUNDS	# OF FILERS WHO RECEIVED A TAX REFUND	ESTIMATED TOTAL TAX REFUNDS	# OF FILERS WHO RECEIVED A TAX REFUND	ESTIMATED TOTAL TAX REFUNDS
Single	3,334	\$4,867,713	4,120	\$5,438,822	3,913	\$7,267,332
Head of Household	1016	\$5,431,106	1,129	\$5,943,974	1,010	\$4,047,759
Married (Filing jointly or separate)	99	\$207,085	102	\$232,770	80	\$172,129
TOTAL	4,449	\$10,505,904	5,351	\$11,615,566	5,003	\$11,487,220

Source: Author's analysis of data provided the FTB, Bill Wilson Center, Lutheran Social Services of California, San Francisco Court Appointed Special Advocates, and The Community College Foundation

IMPACT ON INCOME AND POVERTY

- 9. On average, individuals who filed at one of four foster youth VITA sites in 2025 experienced a 12 percent increase in their income from filing taxes.** Filers with dependents experienced a higher increase of 25% from filing taxes, while filers without dependents experienced an increase of 10%. This estimate is based on the impact of the average tax refund on the average Adjusted Gross Income of youth who filed at one of four foster youth VITA sites in 2025. (Figure I)

FIGURE I: IMPACT OF TAX REFUNDS ON INCOME IN 2025

FILING WITH OR WITHOUT DEPENDENTS	ADJUSTED GROSS INCOME (\$)	AVERAGE REFUND (\$)	ADJUSTED GROSS INCOME + AVERAGE REFUND (\$)	% CHANGE
Filers without dependents	\$17,892	\$1,857	\$19,749	10%
Filers with dependents	\$15,536	\$4,008	\$19,544	26%
All Filers	\$17,490	\$2,157	\$19,647	12%

Source: Author's analysis of data provided by Bill Wilson Center, Lutheran Social Services of California, San Francisco Court Appointed Special Advocates, and The Community College Foundation





10. Tax refunds reduced poverty among youth who filed at one of four foster youth VITA sites by 9 percent for filers without dependents and 7 percent for filers with dependents. Before filing, 54 percent of youth without dependents were below the federal poverty level; after filing, this dropped to 49 percent. Among youth with dependents, the poverty rate declined from 71 percent to 66 percent. These figures were calculated by comparing each filer's Adjusted Gross Income to the 2024 federal poverty threshold for their household size. For example, the federal poverty threshold for a filer without dependents was \$15,060 for 2024, and \$20,440 for a filer with one dependent. (Figure J)

FIGURE J: IMPACT OF TAX REFUNDS ON POVERTY IN 2025

FILING WITH OR WITHOUT DEPENDENTS	INCOME WAS BELOW POVERTY LEVEL PRIOR TO FILING	INCOME WAS BELOW POVERTY LEVEL AFTER FILING	% CHANGE
Filers without dependents	54%	49%	-9%
Filers with dependents	71%	66%	-7%
All Filers	56%	52%	-7%

Source: Author's analysis of data provided by Bill Wilson Center, Lutheran Social Services of California, San Francisco Court Appointed Special Advocates, and The Community College Foundation

11. Between 2023 and 2025, data from foster youth VITA sites show a decrease in filers with dependents below the poverty level and an increase in filers without dependents below the poverty level. The proportion of youth without dependents with incomes below the federal poverty level before filing their taxes was 48 percent in 2023, 46 percent in 2024, and rose to 54 percent in 2025. Among youth with dependents, the variation was even greater: 80 percent in 2023, 83 percent in 2024, and then a sharp decline to 71 percent in 2025. Notably however, across all three years, a significant number of filers had incomes below the federal poverty level prior to filing taxes. (Figure K)

FIGURE K: PERCENT OF YOUTH WITH INCOME BELOW FEDERAL POVERTY LEVEL PRIOR TO FILING TAXES, 2023-2025

FILING WITH OR WITHOUT DEPENDENTS	BELOW POVERTY LEVEL PRIOR TO FILING 2023	BELOW POVERTY LEVEL PRIOR TO FILING 2024	BELOW POVERTY LEVEL PRIOR TO FILING 2025
Filers without dependents	48%	46%	54%
Filers with dependents	80%	83%	71%
All Filers	57%	58%	56%

Source: Author's analysis of data provided by Bill Wilson Center, Lutheran Social Services of California, San Francisco Court Appointed Special Advocates, and The Community College Foundation





RECEIPT OF STATE AND FEDERAL TAX CREDITS

12. In 2025, the most commonly received tax credit among youth who filed at one of four foster youth VITA sites was the CalEITC, followed closely by the FYTC, with both received by more than three-quarters of youth. A total of 467 (77%) youth received the CalEITC, and 465 (76%) youth received the FYTC. One-hundred and eight (18%) youth received the federal EITC. Other tax credits were less common due to their niche requirements, such as being a college student or having a dependent child. (Figure L)

FIGURE L: RECEIPT OF MOST COMMON TAX CREDITS AMONG YOUTH WHO FILED WITH A FOSTER YOUTH VITA SITE, 2025

TAX CREDIT	# OF RECIPIENTS	% OF TOTAL FILERS	AVERAGE (\$)
FEDERAL			
Earned Income Tax Credit	108	18%	\$2,148
Child Tax Credit	53	9%	\$1,286
Additional Child Tax Credit	31	5%	\$979
College Education Credits (American Opportunity Tax Credit and Lifetime Learning Credit)	42	7%	\$1,224
STATE			
California Earned Income Tax Credit	467	77%	\$242
California Young Child Tax Credit	70	11%	\$1,142
California Foster Youth Tax Credit	465	76%	\$1,104

Source: Author's analysis of data provided by Bill Wilson Center, Lutheran Social Services of California, San Francisco Court Appointed Special Advocates, and The Community College Foundation

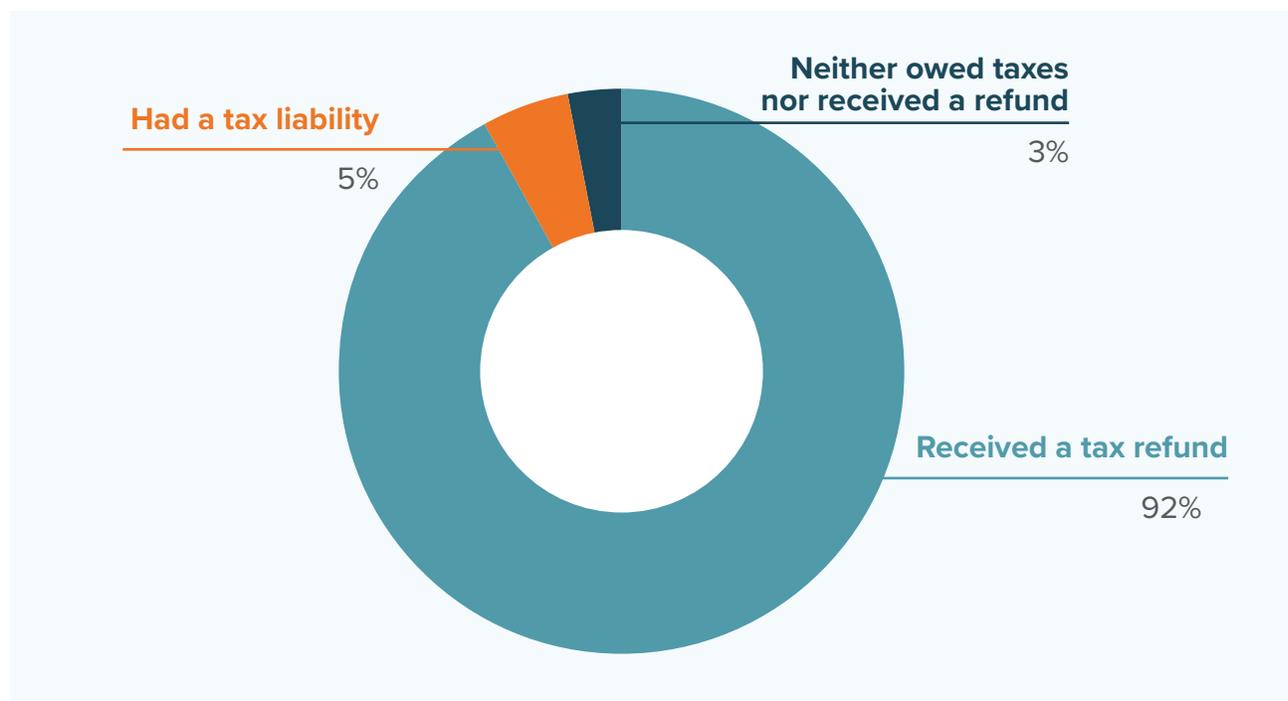




FILERS WITH A TAX LIABILITY

13. During the 2025 tax season, the vast majority (92%) of youth served by one of four foster youth VITA sites had no tax liability. Only 5 percent owed taxes, and three percent neither owed taxes nor received a refund, relatively consistent with the previous two years. Among those who owed, the average tax liability was \$1,132. The average tax liability for filers without dependents was \$1,211, dropping to \$563 for filers with dependents. Youth most likely to owe were either enrolled in post-secondary education and receiving financial aid, or self-employed. For students, common reasons included errors on 1098-T forms from their college or university, or insufficient qualified education expenses to offset grants and scholarships counted as income. Self-employed youth—often performing gig work such as rideshare driving—receive 1099 forms rather than W-2s, meaning taxes are not withheld from paychecks, so they must set aside money to pay taxes at year-end. Less common, but still problematic, were cases where youth received 1099s in error, for example, for monthly stipends from housing programs or participation in workshops. (Figure M)

FIGURE M: PERCENTAGE OF YOUTH WITH A TAX LIABILITY AMONG THOSE WHO FILED WITH A FOSTER YOUTH VITA SITE, 2025



Source: Author's analysis of data provided by Bill Wilson Center, Lutheran Social Services of California, San Francisco Court Appointed Special Advocates, and The Community College Foundation





FILING STATUS OF FYTC RECIPIENTS

14. Since 2023, there has been an incremental increase in the proportion of FYTC recipients filing as “single,” and a decline in filing as “head of household.” In 2025, 79 percent of youth who received the FYTC filed as “single,” up from 77 percent in 2024 and 75 percent in 2023. This mirrored the gradual decline in the proportion of FYTC recipients filing as “head of household,” at 19 percent in 2025, down from 21 percent in 2024 and 23 percent in 2023. Those FYTC recipients filing as “married filing jointly” or “married filing separate” remained consistent at 2 percent. (Figure N)

FIGURE N: FILING STATUS OF FYTC RECIPIENTS, 2023-2025

FILING STATUS	2023	2024	2025
Single	75%	77%	79%
Head of Household	23%	21%	19%
Married (Filing jointly or separate)	2%	2%	2%

Source: FTB EITC Summaries as of August 31, 2023; August 31, 2024; and August 31, 2025

TAX PREPARER TYPES

15. Since 2023, there has been a small, but steady increase in the percentage of FYTC recipients who filed their taxes with a VITA site, and a decrease in self-filing. In 2025, 14 percent of FYTC recipients filed with a VITA site, up from 11 percent in 2024, and 10 percent in 2023. However, there was a decline in self-filing, dropping from 85 percent in 2023 to 78 percent in 2025. Use of paid preparers remained consistent at 8 percent for both 2025 and 2024, up from 5 percent in 2023. (Figure O)

FIGURE O: HOW FYTC RECIPIENTS FILED TAXES, 2023-2025

PREPARER TYPE	2023	2024	2025
VITA	10%	11%	14%
Self-Prepared	85%	81%	78%
Paid Preparer	5%	8%	8%

Source: FTB EITC Summaries as of August 31, 2023; August 31, 2024; and August 31, 2025

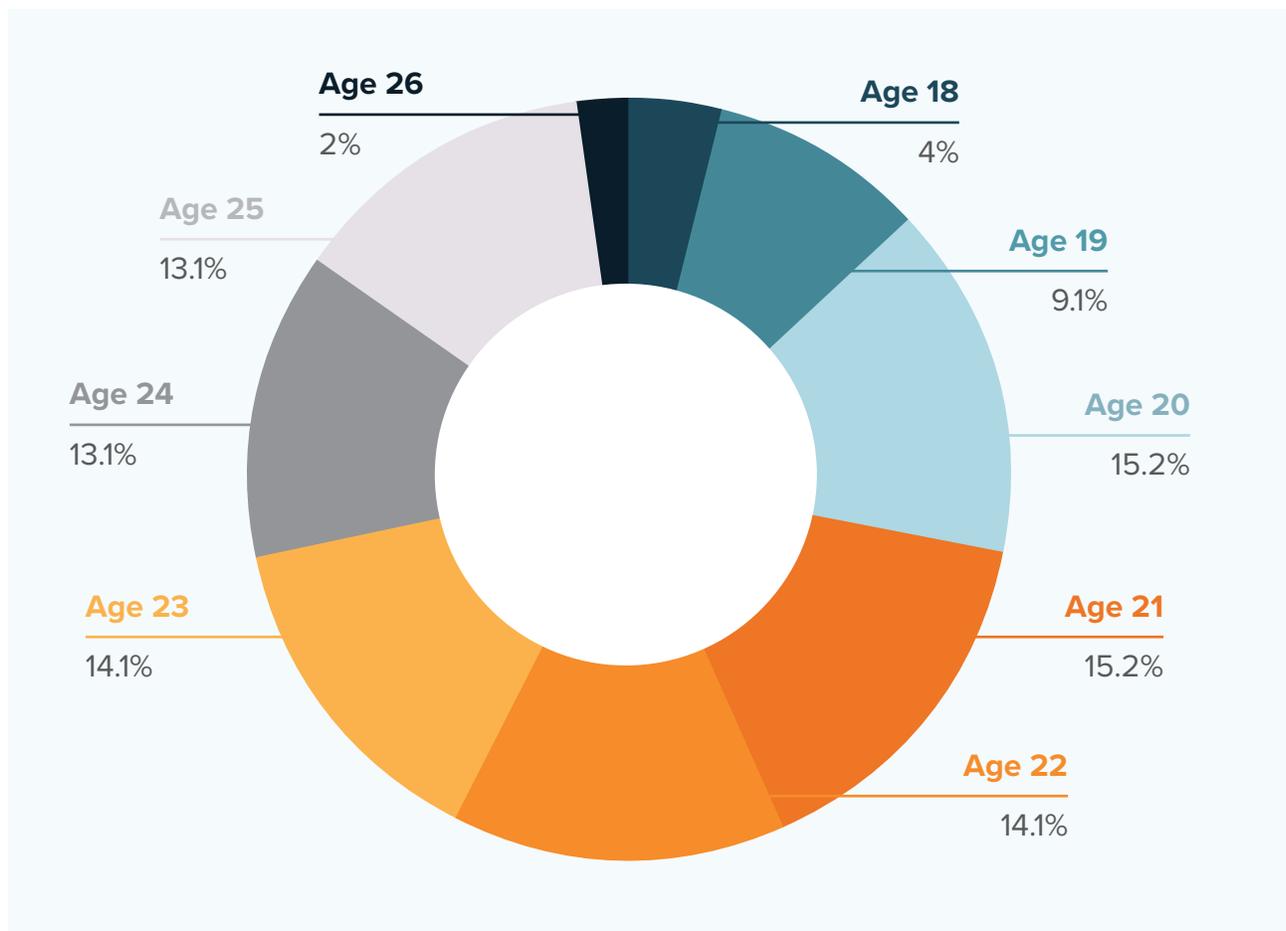




FILING STATUS OF FYTC RECIPIENTS

16. In 2025, the majority (84%) of FYTC recipients were between the ages of 20 and 25 when they filed their taxes. The largest groups were 20- and 21-year-olds, who each made up 15 percent of recipients, though overall recipients were fairly evenly distributed across ages 20-25. Younger filers were less common, with 4 percent at age 18 and 9 percent at age 19. A small share (2%) were age 26 when they filed but had been 25 during the tax year. This distribution is expected, since many 18- and 19-year-olds are not yet earning income, and those who were 18 in 2025 may have still been 17 during the tax year. (Figure P)

FIGURE P: FYTC RECIPIENTS BY AGE, 2025



Source: FTB EITC Summary as of August 31, 2025



**OBSERVATIONS FROM THE FIELD**

17. The main obstacle to significantly increasing the FYTC receipt rate is reaching youth who exited foster care prior to turning 18. Youth eligible for the FYTC must have been in foster care on or after their 13th birthday—a much broader criterion than other programs for foster youth. In analyzing outreach efforts and learning from stakeholder feedback, it is clear that the main obstacle to increasing FYTC receipt is that the majority of FYTC-eligible youth are not known to the county or its community partners. County child welfare agencies have the mailing addresses and contact information for all 7,420 non-minor dependents in their care, as well as for the approximate 3,700 former foster youth who participate in transitional housing or the housing voucher program. The remaining 22,528 youth—constituting a full 67 percent of eligible youth—are no longer connected to the county child welfare agency or probation department. The majority of these youth exited the foster care system prior to turning 18 to guardianship, adoption, or reunification.

18. In 2025, there was a drop in recipients across all tax credits under the CalEITC program. In addition to the slight drop in FYTC recipients, there was also a 6 percent decrease in the number of people who received the Young Child Tax Credit (YCTC) and a 3 percent decrease in CalEITC recipients, compared to 2024. In 2025, there were 9,811 fewer YCTC recipients 182,766 fewer CalEITC recipients. This suggests either a cooling trend in tax filing, or a decline in the number of people eligible for these tax credits, each of which are programs of the CalEITC. (Figure Q)

One possible explanation is reduced filing among undocumented immigrants due to concerns about the data sharing agreement between the Internal Revenue Service and Department of Homeland Security, being used for immigration enforcement. However, the number of CalEITC recipients filing with an Individual Tax Identification Number (ITIN)—commonly used by undocumented individuals—fell by just 12,513, which is far too small to account for the overall decline of 182,766 recipients.

FIGURE Q: NUMBER OF CALEITC, YCTC AND FYTC RECIPIENTS, 2024-2025

TAX CREDIT	ALL FILERS 2024	ALL FILERS 2025	DIFFERENCE IN ALL FILERS 2024-2025	PERCENTAGE CHANGE 2024-2025
CalEITC	3,354,850	3,172,084	-182,766	-3%
YCTC	400,406	390,595	-9,811	-6%
FYTC	5,587	5,446	-141	-3%

Source: FTB EITC Summaries as of August 31, 2024 and August 31, 2025





- 19. Foster youth VITA sites often provide support that extends well beyond tax preparation.** Many youth are first-time or inexperienced filers, which means appointments must cover a wide range of needs. In addition to completing the tax return, staff may help youth gather documents from multiple sources, address fears or confusion about the filing process, resolve situations where a former caregiver has claimed them as a dependent—sometimes incorrectly, and assist with opening bank accounts or setting up direct deposit. They may also provide tax and financial literacy counseling, connect youth to public benefits or housing assistance, address cases of identity theft or tax fraud, and respond to IRS or FTB letters. This level of comprehensive support is often time-intensive and may require multiple appointments.
- 20. Staff at general VITA sites expressed a strong interest in training on how to better support current and former foster youth with tax filing.** As described in the previous finding, current and former foster youth often require more time and resources than typical clients, due to their age, limited filing experience, trauma history, and difficulty accessing necessary documents. VITA staff specifically requested guidance on how to help youth prepare for appointments, screen for FYTC eligibility, and connect them to additional resources when needed.



Recommendations

→ **Adopt best practices for FYTC outreach and tax filing assistance from Senate Bill 624 (Caballero, 2025).**

For: County Child Welfare Agencies and Probation Departments

SB 624, which passed on October 1, 2025, requires county child welfare agencies and probation departments to mail information about the FYTC and free tax filing resources to all nonminor dependents on an annual basis. While the first mailing is not required until the 2027 tax season, counties have the option to begin as early as 2026. In 2024, this strategy was piloted in four counties, resulting in an increase in FYTC receipt.

The bill also directs the California Department of Social Services to issue guidance to counties at least every other year on additional outreach strategies. These include referring youth to local VITA sites and hosting tax education and filing workshops for foster youth in partnership with local VITA sites or community-based organizations.

To maximize the reach of the FYTC and the broader benefits of tax filing, counties are encouraged to begin implementing these strategies in the 2026 tax season, rather than waiting until 2027. To assist with this endeavor, JBAY will issue a 2026 tax season county toolkit.

→ **Draw on local data sources outside of county child welfare to reach youth who exited foster care prior to reaching age 18, and notify them of their potential eligibility for the FYTC.**

For: County agencies and local partners

Approximately 67 percent of FYTC-eligible youth are no longer connected to their county child welfare system or probation department. Many of these youth exited foster care prior to turning 18 to reunification, guardianship or adoption. To raise the FYTC participation rate beyond the current 16 percent, new strategies are needed to reach this large segment of the eligible population. Doing so will require drawing on data sources outside county child welfare and probation.

One promising approach is to partner with the Foster Youth Services Coordinating Program (FYSCP) within County Offices of Education to engage high school seniors, just as they become age-eligible for the FYTC. FYSCPs already assist students with completing the Free Application for Federal Student Aid (FAFSA). By using data from the California Longitudinal Pupil Achievement Data System (CalPADS), they can identify and reach students who were in foster care on or after their 13th birthday, which is the same criteria that qualifies a student for “independent student status” on the FAFSA. FYSCPs have long been developing strategies to reach this population of former foster youth. Aligning outreach for financial aid completion with FYTC and tax filing awareness could streamline efforts and maximize impact.



→ **Implement training for VITA volunteers on assisting current and former foster youth and claiming the FYTC.**

For: Volunteer Income Tax Assistance Sites

VITA sites provide an essential service for current and former foster youth during tax season. In the absence of these sites, youth must either file independently, rely on a trusted adult for assistance, or use a paid tax preparer—many of whom are unfamiliar with the FYTC and, in some cases, engage in practices that reduce the financial benefit to youth. While foster youth-specific VITA sites deliver robust services that are tailored to the unique needs of this population, their availability is limited. At the same time, staff at general VITA sites have expressed interest in building their capacity to support current and former foster youth. Incorporating training on the FYTC and strategies for effectively assisting foster youth into annual VITA training would help ensure that youth across California have access to knowledgeable, reliable support in filing their taxes.

→ **Replicate Los Angeles County’s “Claim Your Cash” Pilot Program.**

For: County Chief Executive Offices and local partners

Led by the Los Angeles County Chief Executive Office in partnership with the Economic Security Project, the “Claim Your Cash” Pilot Program 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.

→ **Standardize the provision of financial literacy education for older foster youth.**

For: The State of California

Financial literacy is widely recognized as essential for youth transitioning out of foster care and into adulthood, yet access to this education remains inconsistent. While County Independent Living Programs (ILPs) are legally required to provide training on budgeting, not all youth participate, and there is no standardized statewide curriculum covering core topics such as budgeting, saving, credit, banking, and tax filing.⁴ Establishing a state policy to standardize financial literacy education would ensure counties have access to reputable, youth-tested curricula and are held accountable for consistent delivery. Some counties, community-based organizations, and institutions of higher education already offer strong models that could be scaled statewide.





➔ **Ensure youth have a bank account upon exiting foster care.**

For: County Child Welfare Agencies and Probation Departments

Foster youth VITA sites report assisting youth with a range of needs, including occasionally helping youth open bank accounts so they can receive tax refunds through direct deposit. While alternatives like CashApp exist, having a bank account is a critical step toward independent adulthood. It provides security, convenience for managing and paying bills, better tools for tracking spending, and a foundation for building credit and financial responsibility.

This need is especially urgent given the federal phase-out of paper tax refund checks. Beginning September 30, 2025, the IRS will begin implementing this change, with full guidance expected by the 2026 tax filing season.³ Although most foster youth already receive their tax refunds via direct deposit, some continue to rely on paper checks—either because they lack a bank account or because their existing account is overdrawn. Ensuring every youth exits foster care with access to a functioning bank account is an essential step in promoting financial stability and independence.



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CONTACT

This report was authored by Imelda Islas-Olivo and Simone Tureck Lee of John Burton Advocates for Youth and designed by Alyssa Prettyman of PrettyMe Creative Solutions, LLC. For questions about the report, please contact JBAY at info@jbay.org.

This report can be found online at <https://jbay.org/resources/fytc-report-2025>.

Endnotes

1. The California Foster Youth Tax Credit was established by Senate Bill 201 (Committee on Budget and Fiscal Review, 2022).
2. Webster, D., Lee, S., Dawson, W., Magruder, J., Exel, M., Cuccaro-Alamin, S., Putnam-Hornstein, E., Wiegmann, W., Saika, G., Courtney, M., Eastman, A.L., Gomez, A., Guo, S., Zhang, A., Dua, A., Berwick, H., Lu, F., Hoerl, C., Yee, H., Ensele, P., Nevin, J., & Michel, J. (2025) CCWIP reports. Retrieved Sep 28, 2025, from University of California at Berkeley California Child Welfare Indicators Project website. URL: <https://ccwip.berkeley.edu>
3. Executive Order 14247 (March 25, 2025). <https://www.whitehouse.gov/presidential-actions/2025/03/modernizing-payments-to-and-from-americas-bank-account/>
4. [California Welfare and Institutions Code § 10609.5\(b\)\(1\)\(B\)](#)



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.



235 Montgomery Street, Suite 1142, San Francisco, CA 94104

www.jbay.org

