



February 1, 2022

The Honorable Nancy Skinner
Chair, Senate Budget & Fiscal
Review Committee
California State Senate
State Capitol, Room 8630
Sacramento, CA 95814

The Honorable Phil Ting
Chair, Assembly Budget
Committee California
State Assembly
State Capitol, Room 8230
Sacramento, CA 95814



Re: \$21M Foster Youth Tax Credit Proposal

Dear Senator Skinner and Assemblymember Ting,



On behalf of a statewide coalition led by State Controller Betty T. Yee, John Burton Advocates for Youth and the CalEITC Coalition, the undersigned organizations write to express strong support for the Governor's \$21 million proposal to establish a Foster Youth Tax Credit and request the Legislature's inclusion of this proposal in their 2022-23 budget. This request of \$21 million (GF) ongoing, would establish a refundable tax credit for current and former foster youth between ages 18-25 that exited foster care on or after age 13.

The transition to adulthood is a challenging one, particularly for older youth in foster care. Unlike most young adults, they are navigating this transition alone, without the support of parents or an extended family. This, together with low rates of employment, lead to high rates of poverty: At age 21, 70.4% of foster youth live below the poverty line as compared to 50.9% of non-foster youth.ⁱ The pandemic has made matters worse, disproportionately impacting foster youth. One in five foster youth reported an episode of homelessness during the first year of the pandemic.ⁱⁱ Foster youth have also experienced high rates of job loss, school disruption and food insecurity.

The California Foster Youth Tax Credit is an effective strategy to assist foster youth during the pandemic and ensure they make a safe, supported transition to young adulthood. Structured under the California Earned Income Tax Credit program and modeled after the Young Child Tax Credit, approximately 20,000 youth and young adults would benefit from the credit. Key benefits of the California Foster Youth Tax Credit include:

Reduces poverty: Providing a \$1,000 tax credit to foster youth will increase their income and move them towards economic security. This income can help youth maintain their housing, school enrollment, food security and more.

Improves child well-being: Direct cash assistance programs like the California Foster Youth Tax Credit have been shown to improve the cognitive function of children living in low-income families. This is relevant for foster youth, over 40% of whom will become parents by age 23.ⁱⁱⁱ

Incentivizes tax filing: The creation of the California Foster Youth Tax Credit is a powerful incentive for foster youth to file their taxes, which has several positive impacts. These

include enabling access to other federal tax credits, facilitating access to financial aid, identifying potential identity theft, and building economic literacy skills.^{iv}

As the legislature works together to meet the needs of all Californians, we respectfully request \$21 million (GF) in FY 2022-23 and ongoing for the Governor's Foster Youth Tax Credit, building on California's successful poverty reduction approaches of the California Earned Income Tax Credit and Young Child Tax Credit.

Sincerely,

State Controller Betty T. Yee

John Burton Advocates for Youth

The CalEITC Coalition

ⁱ Courtney, M. E., Okpych, N. J., Park, K., Harty, J., Feng, H., Torres-Garcia, A., & Sayed, S. (2016, 2018 2020). Findings from the California Youth Transitions to Adulthood Study (CalYOUTH): Conditions of youth at ages 19, 21 & 23. Chicago, IL: Chapin Hall at the University of Chicago. <https://www.chapinhall.org/research/cal youth/>

ⁱⁱ John Burton Advocates for Youth. Hanging on by A Thread: The Cumulative Impact of the Pandemic on Youth Who Have Been in Foster Care or Homeless, May 2021. <https://jbay.org/resources/hanging-on-by-a-thread/>

ⁱⁱⁱ Courtney, M. E., Okpych, N. J., Park, K., Harty, J., Feng, H., Torres-Garcia, A., & Sayed, S. (2016, 2018 2020). Findings from the California Youth Transitions to Adulthood Study (CalYOUTH): Conditions of youth at ages 19, 21 & 23. Chicago, IL: Chapin Hall at the University of Chicago. <https://www.chapinhall.org/research/cal youth/>

^{iv} John Burton Advocates for Youth. How Tax Filing Benefits Foster Youth, May 2021. <https://jbay.org/resources/tax-filing-foster-youth/>