

LOS ANGELES COUNTY DEPARTMENT OF CHILDREN AND FAMILY SERVICES

FOSTER YOUTH TAX PILOT PROGRAM - "\$STACKS"

EXECUTIVE SUMMARY

OVERVIEW: \$stacks consists of two Volunteer Income Tax Assistance (VITA) sites for transition age foster youth, providing free tax preparation and filing to maximize tax refunds/incentives.

CHALLENGE: For more than a decade, the Department of Children and Family Services (DCFS) actively encouraged the utilization of VITA sites for youth we serve. In particular, we promoted free tax preparation and filing among those youth that participated in our subsidized work experience programs and paid internships. However, this has been an informal, unfunded hand-off, and we often heard from youth that they experienced long wait times, had no sites close to their home and that they felt confused or overwhelmed with gathering the necessary documents for their appointments, often resulting in youth either opting to pay for tax preparation and filing services, or not filing at all. Youth who were otherwise eligible for the Earned Income Tax Credit, stimulus payments, Child and Dependent Care Credit, or who did not meet the income thresholds to be required to file, were leaving money on the table, sometimes thousands of dollars.

SOLUTION: California's John Burton Advocates for Youth (JBAY) approached DCFS in 2021 about being the second County to join their Foster Youth Tax Filing Challenge. We agreed, developed and managed two foster youth specific VITA sites in 2022 and 2023 with our partner agencies – The Community College Foundation (TCCF) and Coalition for Responsible Community Development (CRCDD). We received funding from the Golden State Opportunity Fund and JBAY for youth and volunteer incentives, promotion, as well as to pay for what youth who filed with us owed to the Internal Revenue Service (IRS). Our pilot was small, but results were big!

INNOVATION: Although over 2.5 million people accessed over 11,000 VITA sites nationwide in 2020 (New America's 2022 report: "Improving Public Programs for Low-Income Tax Filers"),

there were no designated VITA sites serving transition age foster youth exclusively. Our project tapped into two local community based agencies, CRCD and TCCF, that have extensive histories serving transition age foster youth between the ages of 18-24. This ensured that youth would be supported by agencies familiar with challenges foster youth often face - accessing vital records, foster care verification, technology and transportation. We recruited more than 20 community volunteers, in 2022 and 2023, who were certified by the IRS as VITA preparers and reviewers. DCFS conducted extensive outreach, including presentations, virtual and in person tax filing events, development and promotion of youth-friendly marketing materials.

RESULTS: The results of our project was impactful. In our first year, February through June 2022, we filed 101 returns, resulting in \$256,000 in refunds. In 2023, we filed 309 returns, resulting in \$562,137 in refunds. In 2023, the State of California implemented the Foster Youth Tax Credit (FYTC), setting aside more than \$20 million for transition age foster youth to access. This boosted individual refunds for eligible youth by \$1,083. We promoted the FYTC alongside our project, to encourage utilization of the other 100 VITA sites in Los Angeles County, as well as youth opting to use for-profit preparers and self-filers. More than one thousand Los Angeles County foster youth filers were approved for the FYTC totaling just over \$1 million in refunds, representing 22% of statewide credits.

REPLICABILITY: We began sharing our project model and results with other counties via statewide webinars and conferences in 2022. By 2023, we were joined by five other jurisdictions. We crafted language around promoting foster youth specific tax preparation and filing assistance for child welfare agencies to adopt into their policies and contracts with the goal of increasing the number of foster youth specific VITA sites in our County and throughout the State, as well as to continue promoting and accessing the FYTC.

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ISSUE AREA: – Health and Human Services