

Date of Hearing: July 1, 2025

ASSEMBLY COMMITTEE ON HUMAN SERVICES

Alex Lee, Chair

SB 624 (Caballero) – As Amended June 10, 2025

**SENATE VOTE:** 38-0

**SUBJECT:** Nonminor dependents: tax guidance

**SUMMARY:** Requires the California Department of Social Services (CDSS) to issue guidance to counties with information about practices for supporting nonminor dependents (NMDs) in filing income tax returns and accessing the foster youth tax credit (FYTC). Specifically, **this bill:**

- 1) Establishes the Foster Outreach and Support for Tax Education Readiness (FOSTER) Act which requires CDSS, by no later than July 1, 2026, to issue guidance to county welfare departments and juvenile probation departments (counties) with information about practices for supporting NMDs in filing state and federal income tax returns and accessing the FYTC.
- 2) Requires this guidance to be updated as needed and reissued no less than every two years thereafter, and to include, but not be limited to, all of the following:
  - a) A description of the FYTC;
  - b) The mailing requirement, as described;
  - c) Outreach strategies to increase awareness among NMDs and former foster youth about the FYTC;
  - d) Opportunities to partner with local Volunteer Income Tax Assistance sites;
  - e) Hosting workshops for foster youth to educate them about tax filing through the Independent Living Program or community-based organizations;
  - f) Hosting workshops through the Independent Living Program or community-based organizations to assist foster youth with filing their taxes, in partnership with a local Volunteer Income Tax Assistance site certified by the Internal Revenue Service; and,
  - g) Resources available from stakeholders or state agencies to aid with executing strategies, as described.
- 3) Requires counties to annually send by mail to every NMD information about filing state and federal income tax returns and the FYTC to occur between November 1 and January 31, inclusive, of each year.
- 4) Requires the mailing to include, but not be limited to, all of the following information:
  - a) Eligibility requirements for the FYTC;
  - b) The maximum amount of the FYTC for the forthcoming tax season;

- c) The availability of other tax credits, including, but not limited to, state and federal earned income tax credits, the federal Child Tax Credit and state Young Child Tax Credit, the federal Child and Dependent Care Credit and state Child and Dependent Care Expenses Credit, the federal American Opportunity Tax Credit, the federal Lifetime Learning Credit, and the state Renters' Credit;
- d) The location of, and how to set up an appointment with or otherwise receive services from, local Volunteer Income Tax Assistance sites certified by the Internal Revenue Service within the county where the NMD resides, or, if none are available, those located in nearby counties; and,
- e) Resources to assist the NMD with self-filing federal and state tax returns at no cost.

**EXISTING LAW:**

- 1) Establishes the FYTC beginning January 1, 2022, to a qualified taxpayer for the taxable year, as specified. (Revenue and Taxation Code [RTC] § 17052.2)
- 2) Defines “qualified taxpayer” to mean an individual who satisfies all of the following:
  - a) Has been allowed a tax credit for the taxable year;
  - b) Is 18 to 25 years of age, inclusive, as of the last day of the taxable year; and,
  - c) Was in foster care while 13 years of age or older. (RTC § 17052.2 (c))
- 3) Defines “nonminor dependent” as a current foster youth or a nonminor under the transition jurisdiction of the court who is at least 18 and not more than 21 years of age, turned 18 years of age while under an order of foster care placement, is in foster care under the responsibility of the county welfare department, county probation department, or Indian tribe, and is participating in a transitional independent living plan, as specified. (Welfare and Institutions Code § 11400(v))

**FISCAL EFFECT:** According to the Senate Appropriations Committee analysis on May 23, 2025:

- No fiscal impact to CDSS for state operations.
- Unknown General Fund costs, likely in the tens of thousands annually, for county welfare departments for: 1) social worker time for researching local tax resources 2) developing content for the mailers and 3) printing and sending the mailers.
- To the extent the bill increases county costs already borne by a local agency for programs or levels of service mandated by the 2011 Realignment, the bill would apply to local agencies only to the extent that the state provides annual funding for the cost increases.

**COMMENTS:**

**Background:** *Extended Foster Care and Nonminor Dependents.* California was one of the first states to opt into the federal option to create an extended foster care program, which represented a historic expansion of services to foster youth. Extending foster care to those who were over 18

years of age was intended to improve outcomes for youth who often faced enormous challenges as they emancipated from the foster care system at 18 years of age and experienced poverty, homelessness, and incarceration at levels much higher than their non-foster youth peers.

In 2010, Governor Schwarzenegger signed AB 12 (Beall), Chapter 559, Statutes of 2010, which extended foster care benefits for certain eligible youth until the age of 21. Prior to the adoption of AB 12, known as the Fostering Connections to Success Act, youth aged out of the child welfare system at 18 years of age and were required to navigate the challenges of young adulthood, including obtaining education, stable housing, and employment, without the support provided by the child welfare system. In recognition of these difficulties, AB 12 provided eligible youth between 18 and 21 years of age, known as NMDs, with the services and supports they need to experience independent living in supervised living environments. Extended foster care also enables youth to obtain educational and employment training to better prepare them to transition to adulthood and self-sufficiency.

At the six-month hearing prior to a youth attaining 18 years of age, the youth's social worker or probation officer must have a plan to ensure that the youth will meet at least one of the specified criteria for participation in extended foster care such as being enrolled in school or having a job. NMDs must also sign an agreement to remain in foster care within six months of turning 18 years of age, reside in an eligible placement, and agree to work with their social worker to meet the goals of their transitional living plan.

*This bill* would require CDSS, by no later than July 1, 2026, to issue guidance to counties with information about practices for supporting NMDs in filing state and federal income tax returns and accessing the FYTC.

*Foster Youth Tax Credit:* California became the first state in the nation to establish a tax credit specifically for current and former foster youth between the ages of 18 and 24 years of age, making transition-age youth eligible for up to \$1,000 from a refundable tax credit.

Currently, there is no requirement in state law that requires current and former foster youth to be informed about the availability of and their potential eligibility for the FYTC which has resulted in a lack of awareness of this resource. Data show that just 16% of eligible youth are receiving the FYTC (5,696 of an estimated 36,275 youth), highlighting the need for coordinated outreach.

John Burton Advocates for Youth (JBAY) published a report in 2022 entitled *Pilot to Practice: California's New Foster Youth Tax Credit* which details the lessons learned from a pilot project involving six counties to ensure current and former foster youth receive state and federal tax credits by filing taxes, including the FYTC. The report provided 20 recommendations to assist with fully implementing the FYTC. One of the recommendations was to issue state guidance directing county child welfare agencies to share information on the FYTC.

Because CDSS issues All County Information Notices about the California Earned Income Tax Credit, the report recommended that a new notice should include information about the FYTC, provide youth-friendly outreach materials for child welfare agencies to utilize, and direct child welfare agencies to assist youth with making appointments. The recommendation further directed CDSS to explore methods of direct outreach strategies such as text, email, and mail to foster youth receiving direct foster care payments and infant supplement payments.

*This bill* would codify this recommendation by requiring counties to annually send by mail information about filing state and federal income tax returns and the FYTC between November 1 and January 31 to every NMD. The Author contends that this practice would institutionalize FYTC outreach efforts at the county level and raise state-level visibility of the FYTC.

According to a 2024 JBAY publication entitled, *Gaining Momentum: How the Foster Youth Tax Credit Performed in 2024*: “During the 2024 tax season, current and former foster youth who filed taxes had an average adjusted gross income of just \$15,474—\$16,182 for single filers and only \$9,256 for parenting youth. These income levels fall below the federal poverty level and far below what’s needed to afford housing and other basic necessities in California. This is especially concerning given that many of these young people lack a family safety net or stable home. Ensuring they have access to income supports and other resources is essential to help them meet their basic needs and avoid homelessness.”

**Author’s Statement:** According to the Author, “[This bill] would help reduce poverty among current and former foster youth by increasing access to the California Foster Youth Tax Credit (FYTC), a critical but underutilized tool for economic security.

“Children and youth are placed into foster care due to abuse and neglect, and too often, their trauma is compounded by instability in school and placement. As young adults, they face steep challenges. A 2024 study found that the average adjusted gross income for a single foster youth was just \$16,182—and only \$9,256 for parenting youth—placing them below the federal poverty level. Unsurprisingly, former foster youth experience disproportionately high rates of homelessness and economic hardship.

“In 2022, myself alongside Governor Newsom and former State Controller Betty Yee, established the FYTC, the first and only tax credit in the nation for current and former foster youth. This refundable tax credit, worth up to \$1,154 in 2025, not only increases income but also encourages youth to file taxes, unlocking access to other credits. In 2024, youth who filed and received the FYTC saw average returns of \$1,370 (single youth filers) and \$5,265 (parenting youth filers), increasing their annual income by 8% and 57%, respectively.

“Yet despite its proven benefits, only 16% of the estimated 36,275 eligible youth received the credit in 2024.

“[This bill] aims to change that by institutionalizing outreach and education within county child welfare agencies and juvenile probation departments. The bill would require annual informational mailers to nonminor dependents—a low-cost, high-impact strategy piloted in four counties in 2024 with strong results. It would also require the California Department of Social Services to issue bi-annual guidance to counties on best practices for promoting FYTC access, including partnerships with free tax filing services and integration into Independent Living Program curricula.

“[This bill] is a practical, proven step toward economic justice for foster youth--and a critical investment in their long-term stability and success.”

**Equity Implications:** The FYTC can provide up to \$1,000 in direct cash assistance to eligible youth. For young adults transitioning out of foster care, many of whom face housing instability, food insecurity, and limited family support, this money can be a lifeline. And by not claiming this benefit, the economic disparities many foster youth, when compared to their non-foster

peers, deepen. While there have been targeted efforts launched by nonprofits to conduct outreach on the FYTC, without statewide mandates, many foster youth will continue leaving this money on the table, missing out on a benefit that is rightly theirs to claim.

**Proposed Committee Amendments:** To address a minor drafting error, the Committee is proposing amendments to correct a cross reference:

### **SECTION 1.**

Section 10618.7 is added to the Welfare and Institutions Code, to read:

#### **10618.7.**

(a) This section shall be known, and may be cited, as the Foster Outreach and Support for Tax Education Readiness (FOSTER) Act.

(b) (1) By no later than July 1, 2026, the department shall issue guidance to county welfare departments and juvenile probation departments with information about practices for supporting nonminor dependents in filing state and federal income tax returns and accessing the foster youth tax credit, as described in Section 17052.2 of the Revenue and Taxation Code.

(2) This guidance shall be updated as needed and reissued no less than every two years thereafter.

(3) The guidance issued pursuant to this subdivision shall include, but not be limited to, all of the following:

(A) A description of the foster youth tax credit.

(B) The mailing requirement described in subdivision ~~(b)~~(c).

### **RELATED AND PRIOR LEGISLATION:**

*AB 12 (Beall), Chapter 559, Statutes of 2010*, see comments above.

*SB 201 (Committee on Budget), Chapter 71, Statutes of 2021*, established the FYTC.

### **REGISTERED SUPPORT / OPPOSITION:**

#### **Support**

John Burton Advocates for Youth (Sponsor)  
 Alliance for Children's Rights  
 Aspiranet  
 California Alliance of Caregivers  
 California Alliance of Child and Family Services  
 California Court Appointed Special Advocate Association  
 Children Now  
 Everychild Foundation  
 First Place for Youth  
 Golden State Opportunity

Just in Time for Foster Youth (JIT)  
San Francisco CASA  
St Anne's Family Services  
Western Center on Law & Poverty, INC.  
Youth Law Center

**Opposition**

None on file.

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