DOLLARS AND SENSE

Helping youth navigate fraud, finances and taxes

A Publication From FOSTERING FAMILIES TODAY

EMPOWERING YOUTH WITH KNOWLEDGE

FIGHTING FRAUD

MAKING TAX TIME WORK FOR YOUTH

My Mom Stole My Allowance

In some respects, I consider the time my sisters and I spent in foster care to be time well spent. We were safe and even if we wore second-hand clothes, they were clean. We're also lucky that two of our three sets of foster parents insisted we save our weekly allowance as well as any money earned from chores or birthday gifts over the years. Somewhere around the $200 mark, Mom #3 took us to the bank where we each opened our own savings accounts. That's a lot of money for a kid and by the time my two sisters and I left foster care, we were each nearing $1,000.

After nearly a dozen years in care, we were reunited with our mother, her new husband and their four new kids. We'd only seen her once since we entered care but when she asked if we had any money, we were so eager to please that without a thought, we handed over the account passbooks we'd diligently added to over the years.

In foster care, we each had a bed to sleep in, clean clothes and room to play. After reunification, we slept two or three to a bed. And, the money we thought would buy new clothes and extra beds instead went to gambling, alcohol and cocaine. That first winter, my 7th grade self wore sneakers to school and socks with holes in them. My unemployed mother purchased two pairs of suede boots that year. And, when I began working at Burger King during high school, she insisted I kick in money toward the rent. I'd later learn the utilities were in my little brother's name.

When I finally left New York and moved to San Francisco, my relationship with money was all screwed up — and I had to quickly learn some difficult money management lessons. Let's just say that for a long time, I lived paycheck to paycheck, subsisting on brown rice and vegetables until the next check came along.

Resource parents have one of the hardest jobs imaginable and I'm humbled each day by the work you do. You deserve an applause. But, you also have only one chance to do it right — to set a kid on the right path to stability. The truth is, there is no one else to do it but you. Your guidance could mean the difference between security and homelessness or even incarceration.

And the best place to start is by taking a trip to your local bank branch and discovering what discounts (i.e., free checking or no ATM fees) are available to youth in care.

Or, if you have a child with an entrepreneurial spirit, encourage them to create invoices for things like raking or mowing the neighbor's yard, shoveling the sidewalk or even for additional chores done around the house. With your help, they'll begin to understand revenue versus expenses.

Another way young adults can get some hands-on money management experience is to allow them to pitch in with money saving ideas when doing your monthly budget. Little things, like fewer fast-food meals, can make a big difference when you add up the cost. Or when it comes time for weekly shopping, drag them along to do the comparison pricing even if they complain and if there's something they prefer, make them choose — ice cream versus whatever.

Sometime around the 15-year-old mark, it'll be time to start looking at colleges and that's when all the hard work you've put in will begin to pay off as those lessons about revenue versus expenses take on greater meaning.

I'm grateful for what I endured because it changed my way of thinking about money. I'm also grateful for those early lessons my foster parents taught us. Today, I'm honest enough to say … I'm a cheapskate who finds satisfaction in our local free library, Netflix and cruising the samples aisle at Costco.

Peace and blessings
FFT family and friends!
Valarie 'Vee' Edwards

EMPOWERING YOUTH WITH KNOWLEDGE

Building Credit for Beginners

By Grace Bithell, MSW, and Rachel Bithell

As a case manager for a transitional housing program, Grace Bithell worked with a young man who entered foster care for the fourth time as an older teen. He reached his 18th birthday without permanent caregivers, but was anxious to be free from the oversight of caseworkers and courts. However, with no credit history, security deposit or co-signer, no one would rent to him. He ended up homeless and entered the housing program.

Luckily, the program provided this young man with near daily support that assisted him with resume writing, interviewing skills, budgeting, managing bank accounts, filing taxes and building credit history. Within a month, he had a full-time job and began establishing credit by making smart choices with a credit card. After several more months, his savings and credit history allowed him to rent an apartment with a friend.

Young people in out-of-home care often have many urgent needs. Building good credit history can seem like a low priority until no credit or bad credit prevents them from renting an apartment or buying a house or car. Credit is an agreement between a borrower and a lender, where the lender provides money (or other collateral) for something the borrower wishes to purchase but doesn't have the funds to do so. The money (or other collateral) must be repaid within a specified time, and may incur interest. Interest is what the lender charges the borrower for the convenience of using the money or other collateral. Credit cards, mortgages and student and car loans are all examples. Credit history is a record of how a consumer has used credit in the past, for example, if they made payments on time and kept credit card balances low.

Lenders use credit history to make decisions about whether to give consumers credit and at what interest rate. Landlords, as well as most insurance, telecom and utility companies, also use credit histories when deciding with whom to do business and on what terms. The following suggestions can help youth, caregivers and case professionals build a positive credit history that will enable independent living.

Learn about banking. Most banks and credit unions allow caregivers to open joint accounts with young people. Caregivers could deposit allowance monies into a bank account tied to a debit card. To protect their own credit and prevent surprise fees, caregivers can choose a lower-risk account that doesn't allow overdrafts or the use of paper checks. For information about these accounts see bit.ly/low-risk-acct.

Caregivers should help young people plan a budget for personal needs, like clothing or bus fare, or personal wants, like concert tickets or a mani/pedi. Young people should also be introduced to saving for larger, long-term goals like college tuition or bigger purchases such as a new Apple Watch or iPad. Young people should learn to use both in-person and online banking to make deposits, track their money, and pay bills.

Young adults in foster care can still learn the basics of budgeting and revolving credit accounts, like credit cards, and fixed term loans, like car and student loans. Adults can help teens understand that saving money and building credit will enable them to get their own apartment, car loan, cell phone and/or insurance. Many high schools and community colleges offer financial literacy classes. The Chafee Foster Care Independence Program in your state may also offer free financial management programs. For a directory of program coordinators by state see bit.ly/state-etv.

Understand credit reports and scores. The three major credit bureaus in the U.S. are Experian, Equifax and Transunion. Each receives (primarily) monthly reports from lenders about consumer credit account balances and payments. The credit bureaus maintain a record of this information, called a credit report, for each consumer who uses credit. The report includes personal identifying information like your name, Social Security number, address, date of birth and employer. It also shows information about your credit accounts (credit cards, auto loans, mortgages, etc.) including the date the account was opened, the credit limit or loan amount, the current account balance, and any missed or late payments. Credit reports also list companies that have requested a copy of your report, which is called a credit check or inquiry, in the previous two years. Bankruptcies, judgments from lawsuits, foreclosures and debts sent to a collection agency are also reported. Generally, negative information, like late payments or collections, stays on the report for seven years, although in some cases the information may be removed if the issue is resolved. Consumers must usually provide their personal information and agree to a credit check and the reporting of their future account activity as a condition of receiving credit.

The Three Major Credit Bureaus

EQUIFAX equifax.com

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TransUnion transunion.com

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experian experian.com

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Credit scores are calculated based on the information in a credit report. The most commonly used credit scores are FICO 8 scores which range from 300 to 850. However, lenders and other industries may use different types of credit scores. The higher your FICO score, the better, and you'll get better interest rates on big ticket items like a house or a car.

Scores generally use five kinds of information from your credit report: payment history, amounts owed, length of credit history, new credit accounts and inquiries, and the mix of a variety of accounts. Payment history and amounts owed are weighted more heavily than the other factors in FICO 8 scores. A history of late or missed payments or keeping a high balance relative to the amount of credit available will lower scores.

For more information on credit reports and scores see bit.ly/report-scores and bit.ly/credit-edu.

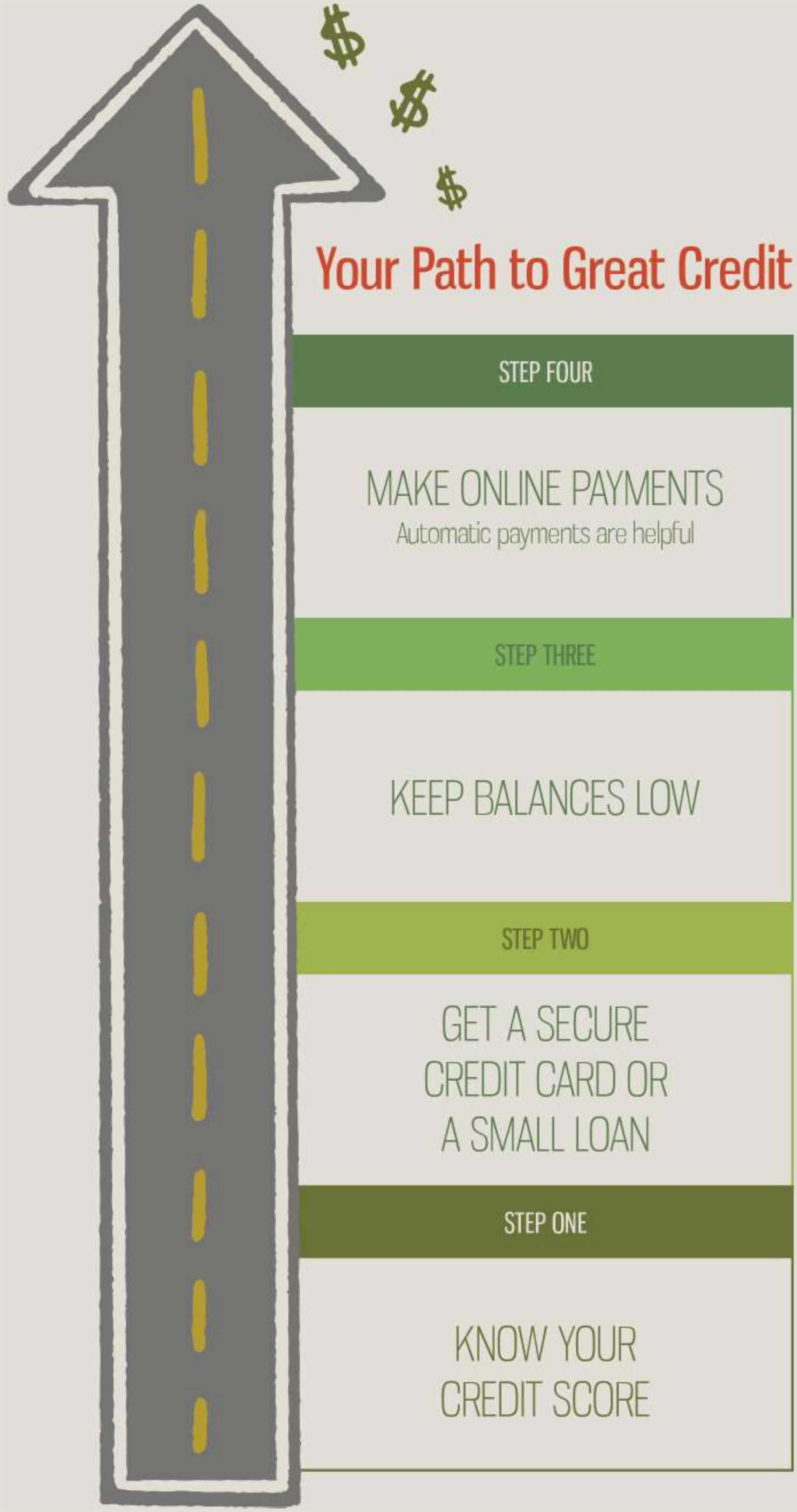
Check your credit report for errors. By law, consumers are entitled to one free copy of their credit report annually from each of the three major credit bureaus. For people 18 and older, the Consumer Financial Protection Bureau (CFPB) recommends requesting these from AnnualCreditReport.com or by calling (877) 322-8228. Federal law requires foster care agencies to obtain credit reports annually for youth, age 16 and older, and help them correct any errors contained in the report. Youth 18 and older who are in foster care may opt out of this mandate or obtain their credit report on their own, but agencies are still obligated to help them remedy errors. For more information about obtaining reports for kids under 18 see bit.ly/report-minors.

Your free credit report will not include any credit scores. The credit bureaus charge a fee, currently about $20, to provide a credit score, usually a FICO 8 score. Many credit cards will report a credit score from at least one of the bureaus as part of your monthly statement. Be wary of companies that offer free credit reports or scores if you buy other services or sign up for trial subscriptions that you must then cancel.

Check your report carefully to be sure all information is correct. If you find errors, follow the bureau's instructions for disputing them. Generally, you must contact in writing both the credit bureau(s) and the bank or other entity that provided the information, called the furnisher. If bureaus or furnishers are not responsive, you may file a complaint with the Consumer Financial Protection Bureau (www.consumerfinance.gov). For a description of the most common types of errors, contact information for credit bureaus, sample letters of dispute, and instructions on filing complaints see bit.ly/credit-error and bit.ly/dispute-error.

Some errors may be caused by identity theft — illegally using someone else's personal information to open credit accounts, access bank accounts, file fraudulent tax returns, or obtain services such as health care. Youth in foster care are at a higher risk of identity theft because of the number of people with access to their private information. If you suspect identity theft visit IdentityTheft.gov and to read more, see page 20.

Build good credit with a credit card or credit building debit card. The fastest way to build credit is to use a credit card responsibly. That means



keeping low balances and making all payments on time. For a young adult age 18 or older with reasonable money management skills, a student credit card can be a good option. These cards have low credit limits, typically $500-$2,000, and don't usually require a co-signer. Setting up automatic payments from a bank account can help avoid late payments.

Youth impacted by trauma may have difficulty with long-term planning or impulse control which can make even a student credit card a risky option. Luckily, alternatives are available. A caregiver could add a young person as an authorized user on one of their cards, but not give them a card of their own or access to the account. Most card issuers allow those younger than 18 to be authorized users. Even if the young person never makes a purchase, their credit history will benefit as long as the primary cardholder manages the account responsibly. Authorized users can be removed from an account at any time. This option is a low-risk opportunity for supportive adults to help youth who may otherwise struggle to build credit history.

Young adults who are at least 18 may also open a secured credit card account, which requires the cardholder to make an up-front deposit. The deposit, usually $200-$2,000, is held by the card issuer and the card's credit limit is equal to the deposit. Applicants should have the deposit saved before applying for the card. As long as the bills are paid on time, the account holder will build credit and receive their deposit back when they close the account or upgrade to a traditional credit card. Late payments will likely trigger fees and interest rate hikes. Past due accounts may also be closed and the delinquent amount taken from

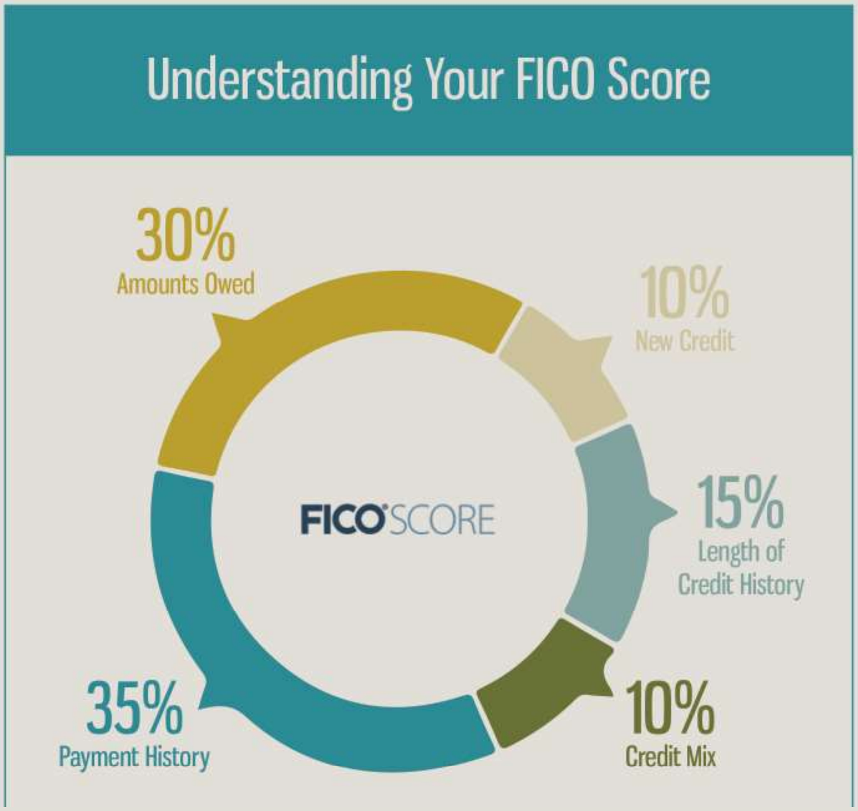
the deposit. Late payments on a secured card will also lower credit scores. However, secured cards are still less risky than traditional or student cards with outstanding balances that could be sent to a collection agency.

Another option is a card that works like a debit card, but builds credit. First introduced in 2020, these cards won't allow users to spend more than the funds in the account linked to the card. Purchases are paid off automatically so payments can't be late. The payments are reported to major credit bureaus each month. Currently these cards are only offered by a few companies, known as financial services companies, including Extra, Sequin, Zoro and Chime. These companies are not banks and not insured by the Federal Deposit Insurance Corporation. They partner with FDIC-insured banks to provide their products. The best way to use a credit-building debit card is to make small monthly deposits, just enough to cover a couple of purchases such as gas or groceries. Rely on traditional banks for other needs. They give consumers more recourse in disputes.

With all credit cards and credit building debit cards, carefully compare the terms, interest rates, fees and reward programs offered by different lenders. For most credit newbies, low or no fees and interest should be a higher priority than rewards, mileage points or higher credit limits. Also check reliable online resources, such as Forbes, for reviews.

Enroll in Experian Boost and/or eCredable Lift. Since 2020, Experian has offered Boost, a free program that increases credit scores by including on-time payments for many utility, telecom and streaming service bills. Late payments won't reduce your credit score. As a bonus, Boost also allows consumers to see their FICO score from Experian. See bit.ly/boost-experian.

Transunion offers eCredable Lift (https://ecredable.com), which also raises credit scores by counting on-time payments for utility, cell phone and internet services. Late payments will count against you, and Transunion charges a fee for the service, currently $24.95 annually. For both services, keep in mind that only reports and



scores from the bureau that offers the service will be impacted, and some kinds of credit scores do not utilize this information.

Three other options for building credit may be useful in some circumstances but have drawbacks. Credit building loans usually require a commitment of a year or more and interest and fees are high. Rent reporting can raise some credit scores for people with a history of on-time rent payments. However, setting up the service can be difficult and costly, and it doesn't impact FICO 8 scores. UltraFICO provides an alternative credit score that is boosted by good banking habits. The service is still in a pilot phase so few lenders currently consider UltraFICO scores.

With the right support and tools, young people can build a credit history that will open doors to opportunities instead of locking them out. •

Grace Bithell is a clinical social worker based in Utah. Her background includes working in a transitional housing program for individuals experiencing homelessness, helping parents navigate high conflict divorce, and providing community mental health services. She also taught financial literacy, including one-on-one credit repair and budgeting. In her current practice, Grace specializes in women's issues and the treatment of trauma disorders. During her adolescence, she was a permanent child in a fostering family.

Rachel Bithell is the mother of Grace and five other children, some of whom were adopted from foster care. Her family was a licensed resource family in Colorado for six years. During that time, Rachel taught pre-service training and trauma-informed parenting classes for her tri-county agency. Find more of her writing at rachelbithell.com.

Michael D. Davis-Thomas

Where do you live?
Bay City, Michigan

What financial challenges have you faced?
Scamming, credit, getting equitable pay for consulting

How did you file your taxes? TurboTax

If you received a refund, how did you use it? (Choose all that apply.)
Spent it on immediate needs like housing, food, etc.

What services or supports would make you feel more confident about managing your own finances?
Financial adviser or coach

Homeless to Homeowner

By Valarie Edwards

Most evenings, Kameron Bourgeois can be found tending the small vegetable and herb garden behind his Biloxi, Mississippi, home. Draped in lights and decorated with oversized ferns, the backyard gazebo is his favorite spot. It's where Bourgeois sometimes retreats to watch movies late at night, under the stars with family and friends. Once homeless, the 24-year-old who grew up in foster care never dreamt he'd be a homeowner. A full-time financial analyst for the U.S. Navy, he's the first in his family to earn that distinction.

"Sometimes, I wake up and think I should pinch myself because I love being a homeowner. It's unbelievable. There's some thought, motivation and dedication there, of course, but still, it almost feels surreal," said Bourgeois, who credits one of his foster parents for unknowingly laying the foundation of financial literacy. The older couple who parented nearly 70 children taught him how to budget his allowance.

To buy his home, Bourgeois needed to put down $11,598. It took two years, working one full-time and three part-time jobs, but Bourgeois managed to save $8,598, leaving a difference of $3,000. That's when his caseworker told him about the Keys to Financial Literacy program offered through Mississippi Youth Voice.

The statewide agency has teamed up with the Jim Casey Youth Opportunities Initiative's Opportunity Passport, which teaches financial literacy to eligible current and former foster youth, up to age 26, who've spent at least one day in foster care. In addition to teaching money management skills, the initiative provides dollar-to-dollar matching on approved purchases, up to a lifetime maximum of $3,000.

The nationwide Jim Casey Youth Opportunities Initiative's Opportunity Passport also provides an initial $150 for participants to open a savings or checking account. The money need not be spent all at once and can be split between expenses such as tuition and a rental deposit, college tuition, medical expenses, investment opportunities, or microlending.

Participants must complete training and agree to take part in ongoing data collection efforts by the Jim Casey Youth Opportunities Initiative, which along with tracking demographics, also monitors whether the program is sustainable and meets its goals.

According to a 2019 Opportunity Passport data sheet, the program also assists young, single parents, those experiencing homelessness or are living in congregate care facilities and have no adult to turn to for support.

"These young people continue to save and purchase assets at rates that are comparable or better than those of their peers without these barriers or characteristics," write researchers, adding that young parents and "those

with multiple barriers purchase assets at higher rates than those young people who experience foster care without additional challenges."

Now 24, Bourgeois completed the requisite training when he was 22, and made regular contributions to his savings account. And although he prepared to make the transition to independence, he does admit being overwhelmed at first.

"When I was handed the key I felt relieved and stressed. I knew all of my hard work getting to this point was over and I was extremely proud of myself, but I also remembered the mortgage is due on the first of every month," Bourgeois said, laughing at the memory. "Nonetheless, I remain in awe to this day when I pull into my driveway."

After entering foster care at age 3 and shuttling between his grandmother's home and foster care, 20-year-old John Peterson found himself homeless at age 18. Peterson learned about the Opportunity Passport from his caseworker. Looking for some stability and a safe place to live, Peterson, a forklift

The Jim Casey Youth Opportunity Passport is currently available in Arizona, Connecticut, Georgia, Hawai'i, Iowa, Indiana, Maine, Maryland, Michigan, Mississippi, Nebraska, New Mexico, Ohio, Pennsylvania, Rhode Island and Tennessee.

According to a 2020 Opportunity Passport data report, as of December 2019 nearly 5,000 young adults have purchased 11,590 assets utilizing participant savings and matched funds totaling more than $18,700,000. Cars (32%), homes (19%) and education (17%) were the most commonly purchased assets, followed by participant specific (unidentified) purchases (15%), investments (8%), credit building (5%), health/medical bills (3%) and microenterprise (1%). It's estimated that over the course of 15 years, young people have saved over $8,000,000 for these asset purchases.

Learn more at https://bit.ly/YOUTHOpp.

operator for Amazon, completed his financial literacy training with Opportunity Passport earlier this year and saved enough for a deposit for his own apartment.

Although he's still in the process of furnishing his one bedroom apartment, Peterson said he feels blessed to finally have a safe place to call home.

"I've never had that growing up. And, I've come so far and I have been through so much," said Peterson. He leans heavily on his faith to get him through the tough times, like his brief stint couch surfing when his grandmother could no longer care for him and foster care remained the only option.

"When I was handed the key I felt relieved and stressed. I knew all of my hard work getting to this point was over and I was extremely proud of myself, but I also remembered the mortgage is due on the first of every month. Nonetheless, I remain in awe to this day when I pull into my driveway."

"God is still with me, he ain't letting go," Peterson said. "Every time I don't know what to do, I sit down and ask, what would God do? And every time, and I mean every single time, it always works out."

With no one to show him the way, Peterson admits he's self taught when it comes to saving and budgeting and said one day it just came to him that he needed to make some changes in his life.

Cotina Brown works with youth like Bourgeois and Peterson as manager of the Opportunity Passport program for Mississippi Youth Voice, which is comprised of former Mississippi foster youth working to improve the outcomes for youth in foster care. Operated by California-based First Place for Youth with support from the Jim Casey Youth Opportunity Initiative, Mississippi Youth Voice's Keys to Financial Literacy program is designed to support "the transition of foster youth to adulthood by providing access to stable housing, independent living skills development, educational opportunities, and pathways to living-wage employment."

Brown has worked with young adults for nearly a decade and says her team has seen a lot of homeless youth without a permanent place to stay due to lack of funds.

"They're getting into bad situations because they have to endure things, like couch-surfing or trading sex, just to have some kind of security," Brown said, adding that in the past, the program provided funds to cover one young adult's outstanding medical bills.

Just over 140 participants are currently enrolled at the Mississippi site and 231 have completed the six-hour training which covers things like income, debt, building credit and credit scores and understanding the difference between good and bad credit. Participants also learn how to open and maintain a bank account, and explore the differences between financial institutions insured by the Federal Deposit Insurance Corporation or FDIC versus online financial platforms like Chime and CashApp. Monies deposited with financial platforms are not insured, although they are backed by banks which are FDIC insured.

Brown says the training also breaks down a typical pay stub and explains to participants what to look for, provides budgeting tools, as well as savings and investing information. One of the most important discussions they facilitate is helping young adults understand the difference between wants like tattoos, a new car and concert tickets and needs like safe housing, a full refrigerator and reliable transportation to work.

She describes the Keys to Financial Literacy program as part of a comprehensive support vehicle for youth in care. The team has formed relationships with other agencies, including child protective services, to identify teens at risk for homelessness or who may suffer significant and lasting harm without financial assistance.

"The social workers have learned that they can reach out to us," Brown said. "We work with them to try to get them to understand the benefits of the program and how the youth can benefit. The agencies can then in turn teach it to their youth." •

Valarie Edwards is the assistant editor for Fostering Families Today. She and her sisters spent nearly a dozen years in foster care. Inspired by her daughter's volunteerism, Edwards is a CASA and believes in mentoring youth in care. Nominated for an Emmy and the recipient of numerous journalism awards, Edwards is an alum of UC Berkeley's Graduate School of Journalism. Originally from the Bronx, she now lives in Phoenix.

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5 TOPICS

PERSONAL FINANCE

GETTING & KEEPING A JOB

COMMUNICATION SKILLS

INDEPENDENT LIVING

RESILIENCY

AVERAGE KNOWLEDGE GAINS

Personal Finance

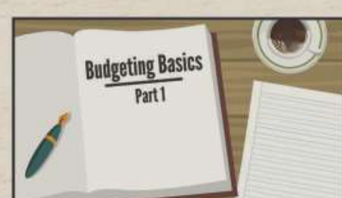
60%

Getting & Keeping a Job

42%

Growth in Confidence to Live Independently

50%



LIFESKILLSREIMAGINED.COM/HOMEEDITION

Wide cognitive range

Spanish EASL Support

What you can do to help kids in foster care prepare for their future

All The Little (And Big) Know About

By Kim Phagan-Hansel

While there are so many immediate needs a child in foster care has, it's never too early to talk to them about planning for their future. And financial literacy — understanding money, savings and finances in general — is an important part of helping young people find stability.

Former foster youth Justin Black uses the 50-30-20 rule when budgeting. He allots 50% of his income to taking care of his family's needs, spends 30% on things he wants and saves 20%. This formula helped Black and his wife, Alexis, also a former foster youth, start multiple businesses, purchase their first home together and feel secure not just in their day-to-day lives, but also into their futures.

Black says it's important for young people to have a vision and a plan for where they want to be in life. "If you don't have a plan, you plan to fail," he said. "It takes a belief that you can be different and allow yourself to grow."

Helping youth in foster care grow into healthy, successful and stable adults is an important task. Below is a list of topics you can use to introduce children and teens to various aspects of financial literacy and set them up with important life skills.

Before starting any of these activities you may want to run them past the child's caseworker, but for the most part they should fall under the "reasonable and prudent parenting standard" outlined in the federal Preventing Sex Trafficking and Strengthening Families Act of 2014, allowing foster parents to make day-to-day decisions about the children in their homes.

Start Early

Children can learn a lot about finances and earning their own money by either providing an allowance or having them earn it by completing chores or tasks around the house. While the research is mixed about the benefits of an allowance, especially depending on how it's provided, it never hurts to introduce children to the idea of saving up for short-term goals like a set of Pokemon cards or bigger purchases like a new bike.

It's also never too early to set up a savings account for children in foster care. It's probably a good idea to discuss the best way to do so with your child's caseworker, but putting a little aside each month can go a long way in helping them plan for larger expenses, like college tuition or purchasing a car later.

The Middle Years

The tween and teen years are the perfect time to teach lessons about responsibility and how to earn, save and spend money responsibly. Oftentimes kids get introduced to earning money through babysitting or yard work. Encourage their entrepreneurial spirit with activities like lemonade stands, pet sitting, or snow shoveling for friends and neighbors.

Participating in fundraisers at school or through 4-H, Girl Scouts or Jump Rope for Heart, can teach kids how to raise funds for a cause or activity they believe in. It also teaches teamwork, with everyone working toward a common goal. An added bonus: prizes are often given out to teams and individuals who meet fundraising benchmarks.

As youth approach the 16-year-old milestone, more job opportunities become available and if they're able to balance work with school, as well as their mental and emotional well-being, employment provides teens with a number of benefits. Life-long skills learned through after school jobs include meeting the expectations of others, the importance of being on-time and of completing assigned tasks.

Some workforce training programs also offer opportunities to learn specific skills in the trades, including automotive technology, HVAC installa-

Things to

Finances

tion and repair, retail merchandising and management, and horticulture. For 2023, Los Angeles County has pledged nearly $16 million to provide paid jobs and internships to high need populations, including young people in the county's foster care and justice systems, as well as homeless youth, according to an article in The Imprint. The Youth@Work program matches young adults, ages 14 to 24, with jobs at government agencies, nonprofits and private companies. Starting pay is $15 an hour, according to the article.

Other programs, like the Texas and California-based La La Land Cafe, specialize in working with youth in foster care and provide the opportunity to gain tangible skills in a positive, supportive environment for young people who've experienced trauma.

A teen's first paycheck is a great time to help them set up a bank account. These days, a lot of employers only offer direct deposit, so a bank account is essential. Typically children 18 and younger can't open a bank account on their own. However, a parent, legal guardian or grandparent can open what's called a custodial account on a child's behalf. The "custodian" is responsible for monitoring and maintaining the account but they can also make withdrawals and deposits to the minor's account — something to keep in mind if the child in your care is susceptible to identity theft or fraud.

Some states, including Missouri, allow young adults starting at age 16 to open a bank account without the permission or signature of a resource or biological parent, as long as they have their caseworker's permission. Required documents include a driver's license or other government issued-ID, Social Security number, mailing address and date of birth. To see a state-by-state map of banking regulations applicable to minors, visit https://bit.ly/bankminor.

For children younger than 18, a parent, legal guardian or grandparent can open a custodial account on a child's behalf, becoming responsible for monitoring and maintaining the account but they can also make withdrawals and deposits to the minor's account. Some states allow young adults starting at age 16 to open a bank account without the permission or signature of a resource or biological parent, as long as they have their caseworker's permission. Required documents include a driver's license or other government issued-ID, Social Security number, mailing address and date of birth. To see a state-by-state map of banking regulations applicable to minors, visit https://bit.ly/bankminor.

Transition-Age Youth

The early years of independence can be some of the scariest for youth exiting foster care. They often have limited resources and little support. Becoming a support person for these young people can make a huge difference in their lives and in their ability to navigate the new waters of independence.

Independent living programs typically offer some sort of financial literacy programs that help prepare young people for life on their own. But you can never start too early or have too many conversations about budgeting and saving for the future.

Get an early start protecting their financial identity with a credit check and put a credit freeze in place.

Find community organizations that offer classes on financial literacy like Consumer Credit Counseling or the Jim Casey Youth Opportunity Initiative which matches savings up to $3,000. There are even incentive programs which pay young adults to stay in school, hold down a job, and attend counseling/classes.

In Ohio, Lisa Dickson works with former foster youth like herself through advocacy organizations like the Ohio Youth Advisory Board and ACTION Ohio. "Everytime they come together," Dickson said, "they wish they were better prepared to budget, struggling as they age out of care."

In response, ACTION Ohio is developing a training program for foster parents to help teach youth about budgeting. The Financial Preparation and Support for Foster Youth training will give foster parents the opportunity to "learn about resources, teaching methods and common financial terms to share with youth in their care. They will leave feeling better prepared to assist youth in developing financial aptitude."

Financial security begins with steps like regular conversations about money or even stopping by a bank or other financial institution so it's less intimidating when they need these services. •

Kim Phagan-Hansel is the editor of Fostering Families Today. She is also the editor of two child welfare-related books, "The Foster Parenting Toolbox" and "The Kinship Parenting Toolbox."

Banking on the Future

By Valarie Edwards

It took just one phone call between a Kansas City, Missouri community bank and a local nonprofit to devise a way to better support local current and former foster youth as they transition out of care.

Missouri's Department of Social Services estimates 13,900 youth were in care as of July 2022. For fiscal year 2021, nearly 500 youth exited the state's child welfare system. And like a lot of youth nationwide who "age out," they do so with little, if any, financial acumen.

In March, Lead Bank teamed up with the Local Investment Commission, or LINC, to launch its Young Adult Account for youth ages 16-22. Already working with Missouri Children's Division since 2008, LINC advocates work with young adults to set financial goals and create a budget. The team works in partnership with the nationwide John H. Chafee Foster Care Program for Successful Transition to Adulthood initiative. More commonly referred to as the Chafee program, it partners with states and tribes to provide funding to assist current and former foster youth with services and financial assistance to promote their transition to adulthood, including employment, education and financial management.

LINC serves Jackson, Clay and Platte counties through its Chafee Older Youth Program, as well as Cass and Ray counties through its Youth Future Career Program. Roughly 1,900 youth in foster care are served in these five counties each month, with the majority — 1,491 youth — living in Jackson county where LINC is headquartered.

More than 3,000 current and former foster children have been served since the Chafee Older Youth Program began in 2008. Youth are referred to LINC by the older youth transition specialist for Jackson, Clay and Platte counties. The group currently has 460 youth on its caseload, the majority from Jackson County.

LINC's partnership with Lead Bank developed after it discovered many youth have their earnings deposited to a pay card or have been forced to utilize check cashing services.

With no minimum daily balance required, the Lead Bank Young Adult Account also has zero fees at nationwide MoneyPass Network ATMs and no fees to use the mobile payment app Zelle which simplifies money transfers — a bonus for anyone occasional jobs like babysitting, yard work or dog walking.

Later this year the two organizations will team up again to roll out several financial literacy courses, said Bryan Shepard, project manager for LINC's youth services initiative.

Shepard, who's worked with youth turned away from major banks when trying to cash their paychecks, believes the partnership with Lead Bank will make current and former foster youth comfortable with the world of financial services.

"Youth really haven't had a positive relationship with money, the banking system or loans," Shepard said, recalling one former client who was forced to pay 250% interest on a small emergency loan.

"For these young people without a lot of experience, sometimes they're an easy mark and that's what we hope to change. We want to connect them to better resources in the community and help them build their credit and their savings," added Shepard. "At Lead, it's a different type of experience. It's the difference between walking into a pawn shop versus walking into an Apple store."

A small community bank with just two branches in the greater Kansas City metropolitan area that sprawls the Kansas-Missouri state line, Lead Bank has historically worked with communities not served well when it comes to traditional banking services, including youth in foster care, said Melissa Beltrame, Lead Bank's chief marketing officer.

"We have to do a better job of serving our communities. They are not getting the financial literacy or financial education they need to succeed once they're out on their own," Beltrame said. "These foster youth truly need access to money, and they need an account to pay for life's expenses, and right now, there's no easy way for them to do that. Our hope is that along the way, we get them to a place of financial health."

In 2018, the Missouri state Legislature approved a measure permitting anyone 16 or older under the state's children's division, to open a checking or savings account with the consent of the juvenile court. That means the consent or the signature of a resource or biological parent isn't necessary to open an account, reducing the threat of financial theft or fraud by a caregiver.

All that's required are three pieces of information: a completed Missouri Department of Social Services consent form, a Social Security number and a current address. If the applicant doesn't have a permanent address, LINC will serve as a shared physical address and ensure the mail is correctly delivered.

Other perks of the Young Adult Account include unlimited transactions and check writing, free enrollment in Lead Bank's Personal Digital Banking, free mobile deposit, and the ability to register their Lead Bank debit card with Apple Pay, Samsung Pay or Google Pay. The application process is easy: clients can visit their nearest Lead Bank branch office and walk out with their debit card the same day.

James Kosbar is a branch banker for Lead Bank and was adopted from Thailand at just 2 years old. The former teacher and casino banker leans into his experience teaching young children and living in a family where he looked like no one else, which he said helps to make young clients more comfortable.

"It's all about connecting with them and I get to know them," Kosbar said. "It's pretty cool helping them and seeing their faces light up when they see that account online."

The stability the accounts offer go a long way in helping a number of youth who typically need a little more assistance.

Shepard, Beltrame and Kosbar know the Young Adult Account is not a money maker for Lead Bank. However, each hopes their program example will encourage the larger, international banks to step up and help youth in foster care secure their financial future.

"It's about doing the right thing," Beltrame said. •

Valarie Edwards is the assistant editor for Fostering Families Today. She and her sisters spent nearly a dozen years in foster care. Inspired by her daughter's volunteerism, Edwards is a CASA and believes in mentoring youth in care. Nominated for an Emmy and the recipient of numerous journalism awards, Edwards is an alum of UC Berkeley's Graduate School of Journalism. Originally from the Bronx, she now lives in Phoenix.

"It's all about connecting with them and I get to know them. It's pretty cool helping them and seeing their faces light up when they see that account online."
— James Kosbar, branch banker for Lead Bank

Helping youth in foster care protect themselves

Watching Out for Identity Theft and Tax Fraud

By Colleen Connolly

For any young adult, filing taxes can be a daunting experience. For youth impacted by foster care, the challenge is even more immense.

How are they to learn to properly prepare and file their taxes and whether they're entitled to any tax benefits? How will they know whether they are a dependent for tax purposes? And where does one turn if they learn they're a victim of tax or financial fraud?

Young people in foster care are easy targets for tax fraud because their private information, including Social Security number, is available to anyone with access to their case file. According to a 2021 report from San Francisco-based John Burton Advocates for Youth (JBAY), which ran a tax pilot program for local young people transitioning out of foster care, nearly 15% of their clients were victims of identity theft and had their tax refund fraudulently claimed by someone else; something learned when they go to file their own taxes and find they or their child had already been claimed as a dependent. This is also often discovered by foster, adoptive and kinship parents when they claim a dependent child on their taxes.

Elizabeth Wells, former staff attorney at the Law Foundation of Silicon Valley, has worked with disadvantaged youth and said her clients have long faced ravaged credit and stolen identities, adding that during the pandemic, the problems have been particularly acute and involved tax fraud.

Over the past few years, clients of Wells' former firm were encouraged to file taxes so they could receive stimulus checks, "only to find out that someone had used their Social Security number to file a fraudulent tax return," Wells said. "So when they tried to file a return electronically, it was rejected."

Stories like these convince some young people it's not worth filing their taxes. But despite the headache and financial distress these stories may cause, knowing how to properly file taxes can help young people along the road to financial independence. There are also many benefits for young people in foster care, including tax credits potentially worth thousands.

Filing for taxes correctly

Anyone can file their taxes on their own, but for first-time filers, including young people transitioning out of foster care, it helps to get assistance.

Every state has a Volunteer Income Tax Assistance (VITA) program which offers free tax preparation assistance. During the pandemic, the Law Foundation of Silicon Valley partnered with JBAY, the Internal Revenue Service ("IRS"), and other agencies to establish a VITA site specifically for youth in foster care. This was especially important in 2020 and 2021 to ensure they received the benefits they're entitled to, including tax credits and stimulus payments. To learn more about the VITA program and to locate an office in your community, visit the IRS website at bit.ly/irs-tax-prep.

Getting professional help also ensures taxes are filed correctly. Without assistance, many young people attempt to file their taxes for free on their own — and get it wrong, sometimes with enormous consequences. Twenty-eight-year-old former foster youth Alexis Barries believes her finances might have been in better shape had she and her caregivers received more education early on about how to file taxes. The California resident has worked since she was 14, and previously filed her taxes with bad advice and help that was either costly or misinformed — such as filing contract work as if she were a salaried employee.

Today, Barries said she owes the IRS about $32,000.

Barries also believes she's been the victim of identity theft, when cable, phone and electricity accounts were fraudulently opened in her name, leaving her in debt for things she never signed up for. Later she made another ill-advised move that she now regrets — filing for bankruptcy protection that offered little of the relief she anticipated.

Getting control of her finances and figuring out her taxes has been one of the biggest stressors in her life, Barries said. "It really affects people long-term like myself," she said, "Who's here to help me get through it when I don't have a network of people and don't have parents?"

Barries was able to get help from the California VITA site, and is now on a payment plan and knows a lot more about how to correctly file her taxes in the future.

Wells agrees financial education is key — for everyone.

"I think one of the biggest ways to address the situation is education

Hunter Black

Where do you live?
Greenville, North Carolina

What financial challenges have you faced?
Being homeless, not being able to afford food.

How did you file your taxes?
Online

What services or supports would make you feel more confident about managing your own finances?
Truebill, now known as Rockey Money

— of foster youth, of the service providers, those individuals that work with the foster youth," she said. "And getting more support from people in the community and raising the attention of our policymakers so that they know this is something they need to focus on as well."

Benefits of filing

Though many people dread owing the IRS money, there are many ways filing taxes can financially benefit youth in foster care. For example, they are unable to receive every state and federal benefit without a tax filing. According to JBAY, 60% of foster youth in their pilot program did not receive their pandemic stimulus checks in 2021 because they had not filed their taxes.

A tax record also allows young people increased access to student financial aid and eligibility for public benefit programs. Furthermore, they can receive more tax breaks if they have children and claim them as their dependents.

At JBAY's VITA site last year, 45 young people filed their taxes for free. The average tax refund was $2,822, increasing their income an average of 17%. Foster youth with children received even more, with an average refund of $6,605, increasing their adjusted gross income by 42%.

There are many different tax breaks that youth in foster care may be eligible for, including the Earned Income Tax Credit for low to moderate income households. JBAY has information on their website on how tax credits can put money in the pockets of these youth. Search for the federal filing tax guide at www.jbay.org.

Mother of three Chris Torrez used the VITA site in California last year. The 26-year-old Bakersfield resident, who spent time in foster care, said she was always hesitant to get help with her taxes, particularly after discovering years ago that someone had used her name to buy a Verizon cell phone and racked up debt she's still paying off. Although she was able to close the account, Torrez said her credit score has tanked.

Filing for 2020 taxes, Torrez again encountered financial loss when she

What is a VITA?

Established by the IRS more than 50 years ago, the Volunteer Income Tax Assistance, or VITA, program provides free tax return preparation to those earning less than $58,000, non-English-speaking tax filers and individuals with disabilities.

There are several VITA sites throughout the country operated by IRS partners and typically staffed by IRS-certified volunteers who provide tax counseling. All volunteers are required to take and pass tax law training and maintain "the privacy and confidentiality of all taxpayer information," according to the IRS website, leaving money on the table.

"One in five people don't take advantage of available tax credits," according to an IRS video about VITAs. "This means these individuals are leaving money on the table."

Some state and county foster care agencies have partnered with the IRS to provide VITA services to young adults in extended foster care programs. In San Francisco, several child advocacy groups have partnered to offer VITA sites specifically for youth in foster care in Alameda, Contra Costa, Fresno, Los Angeles, San Francisco and Santa Clara counties. Led by San Francisco's JBAY, the partnership is "establishing Volunteer Income Tax Assistance (VITA) sites specially equipped to assist current and former foster youth with filing their taxes for free, and conducting targeted outreach to direct youth to these sites and help them prepare for filing," according to the organization's website.

To learn more about the VITA program or to find a site near you, visit https://bit.ly/irs-VITA.

"I think one of the biggest ways to address the situation is education — of foster youth, of the service providers, those individuals that work with the foster youth. And getting more support from people in the community and raising the attention of our policymakers so that they know this is something they need to focus on as well." — Alexis Barries, California former foster youth

discovered someone had claimed her youngest child as a dependent and received the thousands of dollars in tax credits she was owed for the little boy's care.

"It happens a lot in foster care," said Torrez. "There are so many people that handle your case who have your Social Security card, have your number and your date of birth, so it happens. Even your biological parents can do it."

Torrez overcame her reluctance to file and as a result received about $5,000 from the IRS. Combined with the state and federal stimulus checks, she was able to use that money to pay off bills that had been piling up since she was laid off from her job.

What to do if you've been a victim

Learning you've been a victim of tax fraud and identity theft is stressful, but it doesn't have to be the end of the world. There are steps you can take to reclaim your identity and ensure it remains safe in the future.

The IRS has tips for how to know if you might be a victim, which include:

- Receiving a letter from the IRS about a suspicious tax return you did not file.
- Being unable to file your tax return online because of a duplicate Social Security number.
- The IRS notifies you that an online account has been created in your name.
- You're assigned an Employer Identification Number you didn't request.

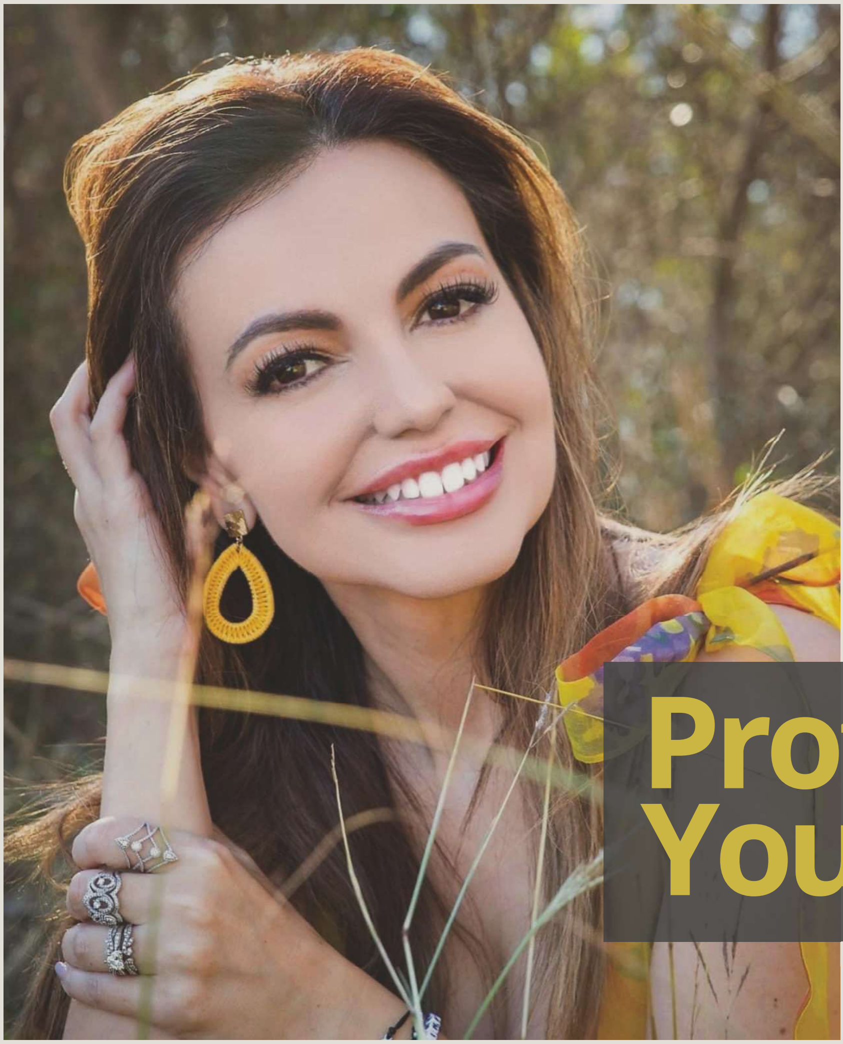
Once it's confirmed someone has stolen your identity or benefits, request and complete an IRS Identity Theft Affidavit (or complete the IRS' CP87A form if you suspect your child has been fraudulently claimed as a dependent by someone else) and then start working to protect your identity and financial accounts elsewhere.

If you know your private information was used fraudulently to open accounts at different companies, call those companies and explain you've been a victim of identity theft. Then ask them to freeze the accounts, and change any passwords. Next, set up a fraud alert at any of the three large credit reporting bureaus (TransUnion, Equifax, and Experian), so anyone attempting to open new accounts in your name will have to verify their identity. Lastly, report identity theft to the Federal Trade Commission and file a police report with your local law enforcement agency. The police report helps provide the documentation you need to request an extended fraud alert.

Though thousands of people are victims of tax fraud and identity theft every year, it's hard to know just how many current or former foster youth are impacted. The Federal Trade Commission has an identity theft dashboard on their website at www.ftc.gov, that displays the top fraud reports by state and reported loss amounts by age, but there is no data collected specific to children raised in foster care. Too often, Wells said, fraud and tax-filing challenges encountered by foster youth are unknown and unaddressed because there is no state or national tracking of the problem.

"If we're going to be able to really do something about this problem, we need to fully understand all of the various forms of foster youth identity theft," Wells said. That will include youth-serving agencies coordinating and collecting data to figure out which problems are most pronounced. "Then," she added, "we can start to put some solutions in place to address it." •

Colleen Connolly is a Minneapolis-based independent journalist who writes about child welfare in Minnesota for The Imprint. She also writes about education, native rights, immigration, and more. Her work has appeared in The Guardian, Smithsonian magazine, and The American Prospect, among other outlets. She previously edited the Latin America News Dispatch and worked as a digital news editor at the Chicago Tribune and is a graduate of DePaul University in Chicago and New York University's Global Journalism program.



Former foster youth Cheryl Williams speaks about being a victim of identity theft to educate other youth in foster care

Protecting Your Privacy

By Michael Fitzgerald

Cheryl Williams was 19 when she first realized she'd become a victim of identity theft.

Just two years after leaving foster care, she'd never used credit. Working three jobs, attending community college, bouncing from home to home across multiple states, Williams managed to save $3,000 to purchase a car. On the verge of adulthood in Chicago, she hadn't had a chance to accrue debts.

Yet, she was continually turned down for credit cards. More oddly, Williams was being pestered by collections agencies about bills she'd neither heard of nor signed up for. Then, she got a letter from an out-of-state lawyer claiming she owed rent for a lease she'd never signed.

Williams knew then — she'd been swindled.

A former foster parent had used her Social Security number and forged signature to make purchases under her name, Williams learned. And while another attorney agreed to help clean up her record, pro bono, the stress gave her "ulcers galore," Williams said in a recent interview. The betrayal by a close relation was bad, getting sued for funds she didn't have while becoming an independent adult with no one to rely on was worse.

"It was the one foster family I really trusted, they treated me like family, we played video games together, went to the mall together," said Williams, describing how as a teenager, she'd ignored some warning signs, like when one parent asked for a sample of her signature.

According to many experts, identity theft is especially difficult for youth in foster care. Available estimates have ranged from 5% to 15% experiencing this type of victimization. As a group, youth in foster care often lack consistent social support, even as caseworkers, lawyers, teachers, foster families, relatives, and other care providers cycle through their lives, with unfettered access to case files containing intimate, personal details.

And, youth in foster care often come from families who have spent several generations in poverty, with little access to credit or support in navigating a sometimes cutthroat economic system. All together, it means risks abound, and youth need to stay vigilant, according to advocates and experts.

Observers also say new forms of financial fraud and scams proliferated during the pandemic, giving bad-faith actors new opportunities to target the several rounds of benefits many older foster youth received: federal stimulus checks, tax relief measures, and expanded unemployment insurance payments.

"We've seen in recent years an increase in the breadth of theft that foster youth are potentially exposed to," said Andrew Cain, directing attorney for the Legal Advocates for Children & Youth with the Law Foundation of Silicon Valley in California, citing examples such as adults pocketing benefits after applying for tax credits or unemployment insurance benefits using a young person's identity. "We're seeing things more lately related to tax or public benefits where youth are becoming victims of identity theft."

A Nationwide Challenge

A California Office of Privacy Protection study in 2011 found 104 children had 247 separate accounts reported in their names as a result of error or identity theft. The average account balance was $1,811 — one included a home loan exceeding $200,000. Los Angeles County's child welfare agency similarly reported that 8% of 7,000 youth between 14 and 17 in foster care had a "financial incident" on their credit reports, most commonly, cell phone accounts, utility bills and cable services.

A peer-reviewed study published in the May 2022 edition of the research journal Child Maltreatment confirmed that 9.2% of a sample of more than 1,200 foster youth from an unidentified East Coast state had discrepancies in their credit report.

Although national data has never been collected, in 2011 the federal government decided to get involved. First, the U.S. Congress passed legislation

How to Check the Credit Report of a Child in Foster Care

State child welfare agencies are required by federal law to ensure youth in foster care – ages 16 and older – annually receive a free copy of their credit reports from the nation's three credit bureaus, Experian, Equifax and TransUnion. Agencies are also required to provide assistance in interpreting and resolving any inaccuracies in those reports.

There are several steps you can take to check a youth's credit report:

1. Find out if your agency has a contract with any of the credit bureaus and if there is a designated person responsible for pulling reports. Online portals make it easy for caseworkers to request credit reports for youth under their agency's care. Also, check to see if each caseworker must go through a training and certification process to pull reports.
2. Review how to obtain the credit reports. Each credit bureau's process is slightly different and the process may depend on the agreement your agency or state has with the bureau.
3. Submit requests for credit reports to each company. Consider requesting reports by mail if your agency doesn't have a contract with the credit bureaus to use the online portal.
4. The credit bureaus will check for reports matching the information provided. Some pieces of identifying information are more critical than others. For example, the name and Social Security number are particularly important, while address may be less so, due to frequent changes. A caseworker may request a Social Security number only search, however, not all bureaus offer this option. A credit report will be generated if one is found using the identifying information provided.

Amanda Poncil

Where do you live?
Detroit, Michigan

What financial challenges have you faced?
Learning to budget, save, obtaining loans, etc.

Can you describe what happened and how you fixed it?
Tried to file taxes one year and was told someone had already filed with my Social Security Number. I had to contact the irs and credit bureau to put a flag on everything. I now still have to use a "pin" when filing my taxes to verify it is indeed me.

If you received a refund, how did you use it?
Put it in savings, Spent it on immediate needs like housing, food, etc., Spent it on my education.

What services or supports would make you feel more confident about managing your own finances?
Reviewing budgeting as a young adult, home /car buying process, investment and saving.

requiring foster care agencies to pull annual credit reports for all youth in their care, 16 and older, to identify any outstanding issues. Three years later, the age was lowered to 14, and most states have enacted their own local versions of these laws, according to Cain.

In 2014, the federal Consumer Financial Protection Bureau issued several guidance letters to advise youth and their caretakers on how to avoid identity theft, which are available on the agency's website at bit.ly/identityfoster.

The first step is, before youth in foster care turn 18, they or their caretaker should request a copy of their credit report to ensure the information is correct. "Incorrect credit reports can be more difficult to clean up later and can hinder a young person's ability to live independently," according to the agency. Next, take steps to ensure any incorrect or suspicious entries are resolved before the youth leave foster care — a step the agency calls "extremely important."

The Children's Bureau has issued similar tips that year to state child welfare leaders: Check a young person's credit history as soon as they enter foster care, and anytime discrepancies or errors are found, ask credit reporting agencies to place a "fraud alert" on the account, and check the credit history of any siblings.

More Help Needed

At the University of Missouri, social work scholar Clark Peters has interviewed more than 100 youth about their financially precarious situations, and describes identity theft protections as a necessary but insufficient step to putting them on firm financial footing.

"This is a lower-hanging fruit we can do something about. We can get kids credit checks," he said, noting it's hard for would-be fraudsters to squeeze much out of youth who often have no income, and that credit card companies have also taken steps to lock down some customer information vulnerable to financial crimes.

Peters emphasized good financial habits more broadly will be key to helping youth in foster care attain stability.

"If we somehow completely eliminated identity theft, we would solve almost none of the challenges regarding financial capability for this population," he said.

First, he said, youth need some working knowledge of what money is and what it means conceptually. If you spend it today, you won't have it tomorrow.

Next, youth need experience. Some people are ignorant about money, he said — they'd fail a quiz on compound interest, for example — but they may fare well if they developed impulse control, or prioritized good savings habits after observing their parents' mistake. Youth also risk entering adulthood "credit invisible" if they don't get familiar with credit cards early.

"It's not just about protecting them from exploitation," said Peters. "You have to engage with the credit to be a participant in the economy."

And last, youth might be better off investing in a lockbox before they sign up for bank accounts that could come with hidden fees — at least until they have steadier income.

What to Do When an Error on a Credit Report or Evidence of Identity Theft is Found

1. Review the credit report with the youth and verify whether he or she recognizes the items in dispute.

2. Get the name and contact information of your agency's point of contact at the credit reporting company and determine their specific dispute process.

3. To dispute an incorrect item on a youth's credit report, the following documents may be required:
   - A cover letter addressed to the credit bureau containing:
     - Personal identification information;
     - A brief summary of the dispute, including an explanation of the error and, if the error pertains to an account in the name of the youth (such as a cell phone), any documentation of the error (such as a bill or receipt that provides evidence of payment);
     - Contact information for the person at the state agency where results should be sent.
   - Check with your agency or bureau to verify which documents are required to be provided. Some of them may include:
     - A copy of the court order authorizing the agency to act on behalf of the youth.
     - A certified copy of the foster youth's birth certificate.
     - The Federal Trade Commission's (FTC) Uniform Minor Status Declaration Form.
   - Ensure the error has been removed by requesting confirmation from the credit reporting company or pulling a new credit report for the youth.

If a fraudulent account was opened in the youth's name, send a letter and all of the above documentation to the reporting company (i.e., cell phone company) and request (a) they correct the error and (b) confirm by letter stating the error has been corrected.

If you suspect the youth has been or will become a victim of identity theft (i.e., an account or loan has been opened in the youth's name), request the credit reporting company initiate a one-year fraud alert, which requires creditors to verify an applicant's identity before granting credit and make it harder to open fraudulent new accounts.

The young person doesn't have to file a police report. However, you can also request a seven-year fraud alert if you submit an identity theft report to demonstrate that an identity theft has occurred. To create one, visit consumer.ftc.gov/articles/0277-create-identity-theft-report.

Another option is a security freeze, also known as a credit freeze, which stops creditors from accessing your credit report until the freeze is lifted. Under federal law effective September 21, 2018, credit records may be frozen/unfrozen for free at each credit reporting company.

Persons with authority to act on behalf of youth younger than 16, incapacited persons or persons for whom a guardian has been appointed, can request a security freeze. Check your state attorney general's website for information about protections for youth in your state.

All of these issues take practice to navigate, though. “You can’t learn how to ride a bike in a classroom,” said Peters.

In the May 2022 Child Maltreatment study by researchers at the University of Pennsylvania, it’s noted that the problems foster youth face with identity theft may have more to do with demographics than their dependency status.

The study examined foster care and credit records starting in summer 2020, and compared a range of variables, i.e., gender, race, and age at credit check, as well as home region, removal history, foster care placement type, and number and lengths of current removals and placements. Among the population of 1,176 foster youth in a mid-Atlantic state, African American youth were more than 2.5 times more likely than white youth to have credit report discrepancies. Older youth around age 17 were also at higher risk.

Advocates Respond to New Threats

Cain said his Santa Clara-based firm is considering how to be proactive about addressing increasing forms of fraud moving forward. One proposal the group helped advocate for will provide an opportunity for foster youth, victims of domestic violence, and adults who are victims of elder abuse to seek relief from debts that were accrued as a result of coercion. California Governor Gavin Newsom signed the bill at the end of September 2022.

“We feel this will be a positive step towards protecting the financial security of these populations, foster youth included, because we know they have a higher propensity than peers in not similar situations to be coerced into taking debt,” said Cain. “It’s a model for other states, we hope.”

> “We’ve seen in recent years an increase in the breadth of theft that foster youth are potentially exposed to. We’re seeing things more lately related to tax or public benefits where youth are becoming victims of identity theft.” — Andrew Cain, directing attorney for the Legal Advocates for Children & Youth with the Law Foundation of Silicon Valley

Cheryl Williams managed to overcome those early adversities after someone abused her identity and credit history. Since gaining the title Mrs. Southwest 2022 by the USA Ambassador Pageant, she’s spoken to groups of older foster youth and foster care system leaders, offering them advice and encouragement based on her experience.

Williams — whose Texas-based organization, FUNDamentals for Foster Care provides educational toys to youth in care — stressed that help for foster youth at risk of identity theft can’t come soon enough.

“It’s easy with life experience to be more discerning about who you trust,” she said. “But I think this happens more than we think, because foster youth are hungry to find people to trust. We need advocates and mentors to look out for us.” •

Michael Fitzgerald is a New York-based senior reporter for The Imprint where he is the national research reporter. He was previously a senior editor for Pacific Standard, and has reported for that magazine, The New Republic, Vice and Outside, among other outlets. Fitzgerald is a graduate of Carnegie Mellon University in Pittsburgh, Pennsylvania.

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Preventing States fro
Seizing Benefits Due

om to Youth

By Farrah Mina

A 2021 joint investigation by NPR and The Marshall Project has revealed federal benefits payable to youth in foster care have been seized by agencies in 49 states and the District of Columbia.

In a longstanding practice, local child welfare agencies sign up to be the financial representative for benefits due to foster youth as a result of parental disability or death, often without alerting the young people or offering them a chance to select another payee, such as a relative or trusted adult.

The money — including Supplemental Security Income and Old-Age, Survivors and Disability Insurance — is used to offset the cost of foster care. It's an obligation that should be the responsibility of local agencies tasked with caring for children in foster care, not the children themselves.

Federal law requires agencies to be last in the hierarchy of preferred payees. At the front of the line are the child's biological or adoptive parents, other relatives and even close friends, each of whom must be notified the child(ren) they're caring for is eligible to receive federal benefits.

Nationwide, it's estimated approximately 10% of youth in foster care qualify for these benefits, which average more than $700 a month. In 2018, monies collected nationwide totalled more than $165 million, NPR and The Marshall Project reported.

Recently, as the practice has come under fire, a growing number of states and local municipalities have proposed policies that ensure eligible youth in foster care have more control over their federal disability and survivors' benefits.

In Minnesota, a bill called on the commissioner of human services to develop a plan by 2024 to eliminate the practice of seizing foster youth benefits and using them to offset the cost of foster care.

Antonio Luna-Jackson, a senior at John F. Kennedy High School in Bloomington, Minnesota, turned 18 on April 8. By his estimate, there should have been $22,000 waiting for him, he told the Minnesota House of Representatives in March. But instead, he said he's leaving foster care after three years with little financial security.

“I never thought that the system that was supposed to be helping me really was stealing from me the entire time,” Luna-Jackson said, testifying in support of the bill to ensure other youth in foster care don’t share his fate.

“What this bill aims to do is make sure that the state honors the promises made to young people that they will do right by them,” said Hoang Murphy, founder and executive director of the nonprofit Foster Advocates. “You can’t do right by a young person if you’re taking from them.”

Currently, Minnesota collects approximately $6 million a year in federal benefits for youth in foster care, according to a survey conducted by the Minnesota Association of County Social Service Administrators. The estimate is likely conservative due to inconsistent reporting and other factors, according to testimony by Morrison County’s public health and social services director Brad Vold before elected leaders in March.

In fall 2021, an Alaska court ruled state officials must notify all children in its custody that it will apply for the payments if a child becomes eligible.

“The judge’s ruling affirms a basic principle in our Constitution which is the right to notice before your property is taken,” Jim Davis, Jr., a civil rights attorney with the Northern Justice Project told The Imprint in December. “That should be true even if it’s a foster kid.”

But so far, Maryland is the only state with legislation to scale back the practice — and its measures are limited. Since 2018, foster youth 14 and older are eligible to have a portion of their federal benefits placed in a savings account accessible upon reaching maturity. However, children younger than 14 will still see their benefits go to the child welfare agencies to support their care.

In Nebraska, there’s a new requirement that youth in foster care must at least be notified when the child welfare agencies receive federal benefits on their behalf, under legislation signed April 19, 2022 by the governor.

Some cities are also taking action.

A bill passed Sept. 15, 2022 by the Philadelphia City Council will be more comprehensive than any state regulation to date. It will ban the collection of federal benefits by local child welfare agencies and require routine screenings to identify eligible children in foster care, saving any payments received in individual accounts.

“There is no question that survivors’ benefits must go to the child recipient,” said City Councilmember Helen Gym, the author of the bill, in a statement to The Imprint. “Shouldn’t all foster youth have a head start with savings accounts and supports for adulthood?”

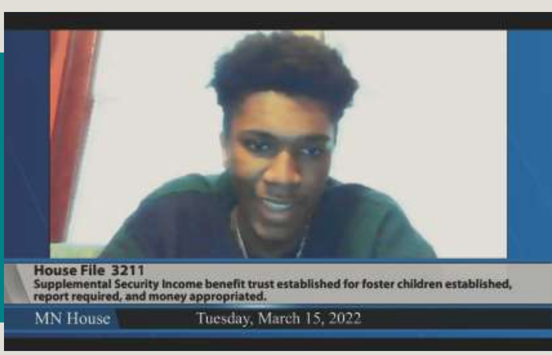
Gym said she was inspired to pursue legislation after reading a December 2021 newspaper article in the Philadelphia Inquirer which revealed nearly $5 million in foster youths’ federal benefits made its way into the city’s general fund between 2016 and 2020.

In March, New York City officials announced the city will no longer collect Social Security benefits from children in foster care, following a similar move in July 2021 by the Los Angeles County Board of Supervisors.

Helping ‘offset’ costs

When a child welfare agency receives Social Security benefits on behalf of a youth in foster care, it is supposed to either save that money for the child, or spend it on services above and beyond what they would otherwise receive from the system. But critics of the process say these systems are not held accountable to prove that, and many capture that money simply to offset the cost of foster care.

About 20,000 youth age out of foster care in America each year, and disproportionately experience



“I never thought that the system that was supposed to be helping me really was stealing from me the entire time.”
— Antonio Luna-Jackson, a Minnesota former foster youth who advocated for legislation to stop the state from collecting benefits on behalf of youth in foster care

homelessness and housing instability. For some of these youth, advocates say the benefits owed to them could prevent such outcomes.

"The funds can be a lifeline for those aging out of foster care, who are at risk for houselessness, poverty and food insecurity. It could be the "difference between a security deposit and couchsurfing," said Amy Harfeld, national policy director and senior staff attorney for the Children's Advocacy Institute in San Diego. "It could be the difference between getting to a new job or having to file for unemployment because you have no means to get there."

Harfeld said she is encouraged by the growing number of local governments working to change the longstanding practice: "It takes moral leadership to take responsibility for doing something that was wrong and setting it right."

In Minnesota, Luna-Jackson told lawmakers his campaigning is not for himself.

"I still struggle with the pain and hurt when I think about the fact that it didn't have to be this way. It didn't need to be so hard," he said. "I know it's too late for me to get this resource — but it isn't too late for all the other kids still in the system and the kids that will be entering the system." •

Farrah Mina is a Minnesota-based reporter covering child welfare. Before joining The Imprint, Farrah worked as a data reporter at the Kansas City Star. She is a recent graduate of the University of Minnesota and an alum of the Emma Bowen Foundation and Dow Jones News Fund program.

Deborah Denzel

Where do you live? Los Angeles, California

What financial challenges have you faced?
While in undergraduate school I received housing and basic needs funding from the Connecticut DCF which would sometimes arrive late. This would create a constant monthly challenge of stress and fear that I would lose my housing or not have money for food. If I didn't receive the funding by the first, I would immediately follow-up with my social worker and try to stay on top of it although I knew I had no control in the matter.

How did you file your taxes? Online

If you received a refund, how did you use it?
Put it in savings, spent it on immediate needs like housing, food, etc.

What services or supports would make you feel more confident about managing your own finances?
I participated in a savings match program as a teenager that allowed me to save $10,000 which I used partially to purchase my first vehicle and the remaining to later help me in my first year of college. What I appreciated most about this program was the practical experience. Yes, I was educated on the basics of budgeting, saving, investing, etc. but I was also encouraged and given the opportunity to actually get a job, save my money and watch my funds get invested. The real life experience and opportunity showed me what I was capable of and ultimately laid the foundation for my current financial perspective.

Protecting Social Security Benefits for Youth in Foster Care

By John Kelly

About 1 in 10 youth in foster care are entitled to Social Security benefits either due to physical or mental disability, or they are the named beneficiary of one or both of their parents. This money can be life-changing, especially for young people between the ages of 18 and 21 entering adulthood.

A recent investigation exposed that numerous state child welfare agencies sign up to receive these funds on behalf of children in foster care. And in many of those cases, the Marshall Project and NPR investigation showed the money is used to cover the basic costs of foster care, something not allowed under federal Social Security guidelines. While a child welfare agency can be a recipient of Social Security benefits, those funds should be applied above and beyond the regular costs associated with caring for any youth in foster care.

As a caregiver or caseworker of a youth in foster care, there are steps which can be taken to ensure these benefits are either saved for their future, or used to support the youth in the present. Following are some practical steps to consider.

Find out if the youth is already receiving benefits.

It's possible that by the time a child comes into your life, they've already been approved for disability or death benefits. In fact, the child welfare agency may have been the one who enrolled them.

The easiest way to find out is to ask the child's caseworker. If they don't know or are uncertain, contact the attorney assigned to the child and ask that they inquire about the child's status.

If the normal channels aren't helpful, call the Social Security Administration

(SSA) at 1-800-772-1213. The Marshall Project suggests this script for starting the conversation:

"My name is X, and I represent Y, who is a minor. I believe that someone may have been receiving Social Security in Y's name, without them knowing it. Could you tell me Y's benefits history — whether they have ever received survivor or disability benefits?"

Not getting benefits? Help them apply.
If the youth is not receiving benefits, and you suspect they might be eligible, you can help them apply.

There are two ways to determine if a youth is eligible for Social Security benefits.

1. One or both of their parents are deceased and they are entitled to support if a parent paid into Social Security.
2. The youth has a serious physical or mental condition, generally defined by the Social Security Administration as a condition that "seriously limits his or her activities," and is expected to last at least one year or eventually result in death.

If you believe that either situation applies to a youth in your care, or one you work with, visit:
- https://www.ssa.gov/benefits/survivors/
- https://www.ssa.gov/benefits/disability/apply-child.html

Make sure the money is being spent well.
This will probably require help from the youth's attorney. But if the state already receives Social Security benefits for a youth, request an itemized statement of how the money's been spent in the best interests of the child.

The most critical thing to be aware of is that the state should not use the money just to pay for foster care expenses like foster parent reimbursements, transportation to and from school and the agency's own expenses. It should either be spent on special supports, equipment and services — things the child might otherwise not get — or it should be saved for their future.

Talk about what you find with the youth, if age appropriate, and their attorney or court appointed special advocate. Decide if there are better ways these funds can be used, and consider who would be the best person to manage the benefit.

Establish a manager for benefits.
The Social Security Administration has a prioritized list of people who can serve as the "payee" for a youth in foster care's disability or survivor benefits. You can view that list in its entirety at https://bit.ly/SSIpayees, but in a nutshell the pecking order is:
- A parent who continues to be in the life of the child, especially those moving toward reunification.
- A relative or close family friend.
- A child welfare agency or other similar institution.

As a caregiver, you can help youth in foster care establish a new payee. Call the Social Security Administration — your best bet is the field office nearest your home — and set up a phone appointment to discuss removing a payee and adding a new one. The new payee will have to fill out a SSA-11-BK form.

Like many things involving government bureaucracies, the process to ensure a youth in foster care's benefits are being used correctly to support them could involve long hold times and pushing for answers. But in the end, for eligible youth, these benefits offer a meaningful opportunity to meet their present-day needs or provide savings to help them transition into adulthood later.

This guide was put together using recommendations from The Marshall Project and from Amy Harfeld's "Five Steps to Ensure Your Clients Are Benefitting from Their Federal Benefits," which was published in June by the American Bar Association. •

John Kelly is co-executive director of Fostering Media Connections. Kelly is the founding editor of The Imprint, FMC's daily news website covering the fields of child welfare, juvenile justice and other youth-related services. He has been reporting and editing coverage of youth services since 2001, and is passionate about connecting these fields to quality, independent journalism.

The most critical thing to be aware of is that the state should not use the money just to pay for foster care expenses like foster parent reimbursements, transportation to and from school and the agency's own expenses. It should either be spent on special supports, equipment and services — things the child might otherwise not get — or it should be saved for their future.

Fighting Adoption Subsidy Fraud and Misuse

By Dawn J. Post

As an attorney for 14-year-old Vanessa, I sat with her as she begged her adoptive mother to let her return home. The adoptive mother bluntly refused, stating, “you have bad genes.” Vanessa had lived with her adoptive family since infancy. She's now one of 12 children nationwide whose adoptions fail every day according to a recent investigation by USA Today.

When children are adopted from the child welfare system, the vast majority of families receive an adoption subsidy to help provide for the child. These subsidies are agreed upon prior to the finalization of an adoption and included in legally binding agreements negotiated between the prospective adoptive parents and someone representing the state or county where the child is in foster care. Adoption assistance can include monthly payments, Medicaid coverage and reimbursements for adoption-related expenses. For example, depending upon the age and needs of the child, adoptive parents in New York City can receive anywhere from $975 to $2,775 per month in maintenance payments.

Because children adopted from foster care have often experienced early childhood traumas, additional mental and physical therapies are sometimes required. The amount of the monthly subsidy, which varies from state-to-state, considers the age of the child, whether they’re labeled “hard-to-place” or have special needs, if they’re in a sibling group, how long they’ve been in foster care and what needs they might have that require therapeutic intervention.

Although the exact numbers are unknown, for many children adoption is not always forever. Nonetheless some adoptive parents continue to receive a subsidy long after the child is no longer in their home.

Ultimately, the subsidy should follow the child to support their specific needs. But, suspending or transferring the adoption subsidy even when the child is no longer living with the adoptive parent is difficult unless the adoptive parent voluntarily relinquishes the subsidy. If not, the subsidy will continue until the child turns 18 or 21, depending upon whether the state has extended foster care. The most egregious example of this, as described to me by a colleague, is where an adoptive father killed the adoptive mother and continued to receive four subsidies electronically deposited while in jail.

This occurs because the Department of Health and Human Services prevents states from investigating whether an adoptive parent still supports the child, because under the Social Security Act, adoption assistance is an "entitlement." In fact, the federal Administration for Children and Families warned that while "attestations and affidavits by the adoptive parents" are "acceptable means of verifying support," the states should not carry out "any intensive or intrusive inquiry into an adoptive family's life."

It's reasonable to assume that the very visible financial abuse that occurs when adoptions are broken and children or adolescents return to foster care would warrant an inquiry. But because there is no clear definition on what "support" means, combined with a lack of resources to track such data, it does not. However, there are options to ensure subsidy money follows the child such as via child support orders.

In my work as founder of the Broken Adoptions Project while a director of the Children's Law Center's Brooklyn office, our team filed child support petitions against adoptive parents who continued to receive the adoption subsidy while providing little to no care to their adopted children. These cases were groundbreaking and created new case law that can potentially be applied to similar situations across the country.

The bottom line is that adoptive parents only cease to be legally responsible to support a child following termination of parental rights or the child's emancipation, marriage or enlistment in the military. If none of those events have occurred and the adoption subsidy is still active, the best option is to negotiate with the adoptive parent, requesting they voluntarily provide at least a portion of the adoption subsidy to the new guardian or youth. Some child welfare post-adoption units, such as in New York City, will assist with the negotiations. Courts are inherently adversarial and should be used as a last resort.

If stronger action is needed, the new guardian can sue the adoptive parent for child support. Or, if the youth has turned 18, the youth themselves can sue. While the adoption subsidy cannot technically be counted as income for the adoptive parent, it can be calculated into an award of child support as an available "resource" for the child. Ultimately, the following arguments are ones I believe might successfully be used in child support proceedings to ensure the subsidy benefits the child.

While only adoptive parents can receive an adoption subsidy, pursuant to the written agreement with the state child welfare office at the time of adoption, it's clear the continuation of the subsidy is not dependent on the child remaining in the adoptive home, provided they maintain support. Accordingly, child support should be set at no less than the amount of the adoption subsidy for so long as the adoptive parent is eligible.

Importantly, the adoptive parent can maintain the adoption subsidy, or reinstate the subsidy, and pay it to the new guardian or the child, without violating any legal rule or obligation, even if the child or youth is no longer in their home, since they are legally responsible for the child, just as a biological parent would be. Any refusal to provide support is contrary to the child's best interests and deprives them of additional funds intended to address their special needs.

Even if the adoptive parent chooses to suspend the subsidy, it should be "imputed" as a resource available to the adoptive parent to support the child. The adoptive parent can voluntarily reactivate the subsidy if child support is ordered. As stated by the Appellate Division First Judicial Department of the Supreme Court of the State of New York, "[a]warding child support in the amount of the subsidy is not unlike awarding support based on a parent's historic earning potential, which similarly requires the parent to do what the court has determined he or she is capable of doing based on past performance."

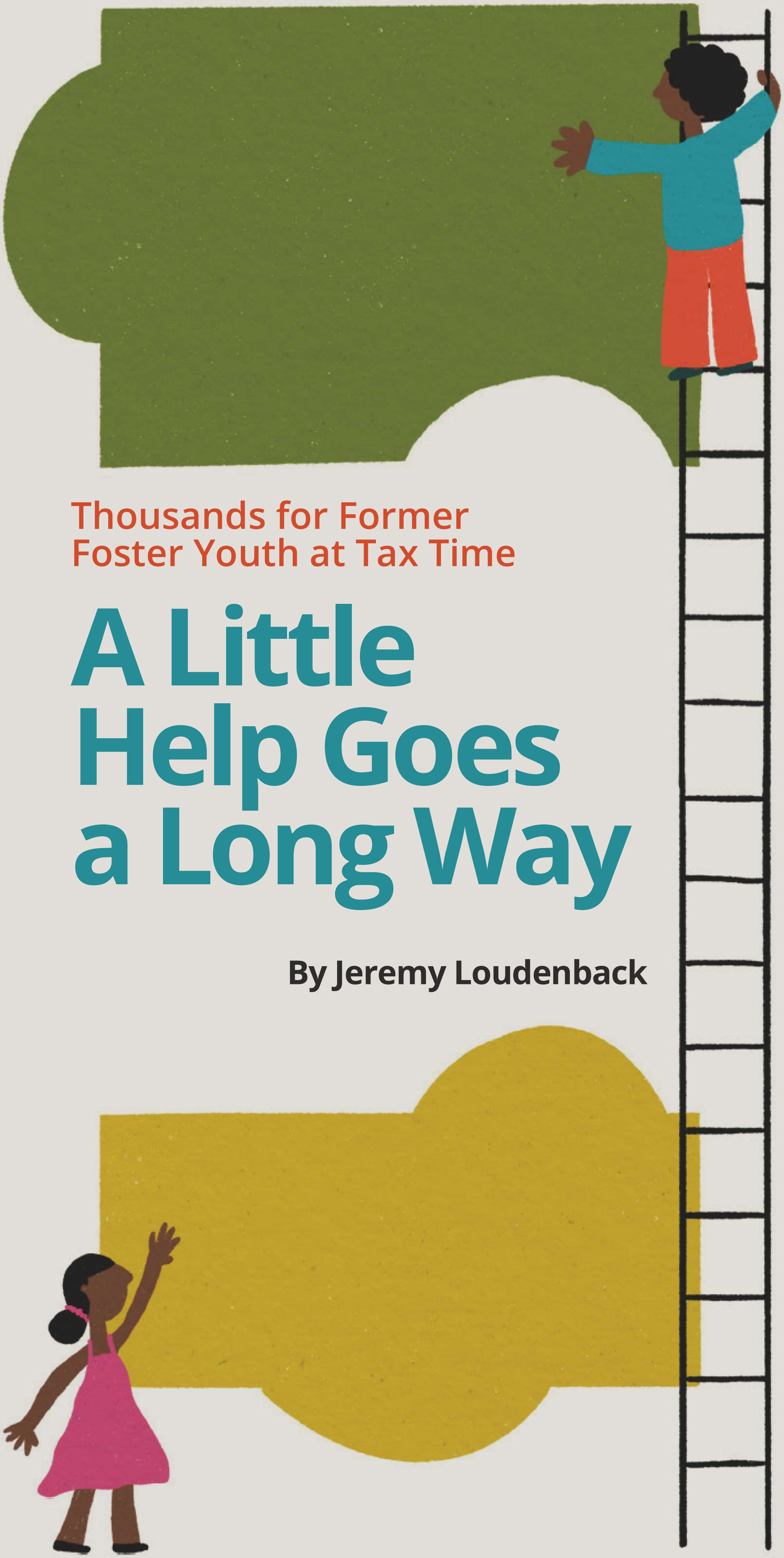
Broken adoptions and adoption subsidy misuse are not unknown. But given the lack of solutions on a federal level, there are no safeguards in place to ensure subsidy misuse doesn't take place. While it's past time for a legislative fix, for now child support proceedings can be used strategically to ensure adoption subsidies benefit the children they were intended for rather than simply supplement the adoptive parent's income. •

Dawn J. Post is an expert in children's rights, advocacy and litigation. Prior to her work as a class-action litigator, Post was successful in addressing issues related to broken adoptions, adoption subsidy misuse, and lack of post-adoption sibling visitation. She is currently working on a memoir/CNF project addressing issues related to foster care, and serving as a legal advocate and child welfare consultant.

Thousands for Former Foster Youth at Tax Time

A Little Help Goes a Long Way

By Jeremy Loudenback



For most people, filing taxes is a tiresome and stressful endeavor. But during the pandemic, doing so became a critical lifeline for many youth in California's foster care system hit hard by job losses.

As the nation shut down in 2020, transition-age youth in foster care had difficulty accessing supportive resources and challenges using technology for online education. As part of widespread pandemic relief efforts, current and former foster youth became eligible for several rounds of cash payments from state and federal governments. But much of this money was only accessible by filing taxes — a challenge for many young people in foster care who typically work minimum wage jobs and often lack experience preparing and filing tax documents.

Before the pandemic, San Francisco-based John Burton Advocates for Youth began offering limited tax filing assistance to youth in California's foster care system as a way to help them qualify for financial aid in college and to take advantage of recent changes to California's Earned Income Tax Credit (EITC). For example, in 2019, the state allowed qualifying former foster youth or homeless young adults to receive EITC payments starting at age 18.

Later, the federal government included three rounds of stimulus payments during the pandemic and in 2021 distributed billions to young parents through the Young Child Tax Credit. States like California also set aside millions in cash assistance for young people struggling to meet basic needs like housing and food.

Anna Johnson, associate director of housing and health for John Burton Advocates for Youth, helped the organization create a pathway for young people to more easily receive tax credits that, combined, can be worth thousands and may be used for anything. Johnson said young people used pandemic-related tax refunds to pay for car repairs, rent and in one case, buy bunk beds for young children.

"We know that systems aren't designed for foster youth," Johnson said. "We launched the tax project so that we could claim a hugely important source of income for young people at a time of great loss."

The organization found that while as many as two-thirds of current and former foster youth have faced significant employment challenges during the first years of the pandemic, many did not get a stimulus check because they either didn't file their taxes or even know how to do so.

Advocates like Johnson say helping these youth and young adults file taxes has additional benefits beyond one-time stimulus payments.

By filling out tax paperwork, young people can ensure they receive the full range of ongoing state and federal income support programs, which can make a big difference for foster youth with children of their own, or for those who want to enroll in college and complete financial aid applications.

Additionally, income from tax returns does not impact the ability of a young person to qualify for other public benefits like Temporary Assistance for Needy Families and subsidized child care. In many cases, filling out the documents can actually make qualifying for these programs easier.

Lastly, working with tax professionals can ensure that youth in foster care receive stimulus money and prevent tax fraud. In 2021, a survey by John Burton Advocates for Youth found that approximately 15% of foster youth discovered that someone had improperly claimed their tax refund, such as a former caregiver, or experienced identity theft.

In November 2020, John Burton Advocates for Youth created a pilot project in California's Santa Clara County

Tips for Helping Foster Youth File Taxes

John Burton Advocates for Youth has shared a handy tax prep checklist for transition-age youth. You can access it at https://bit.ly/jbay-checklist.

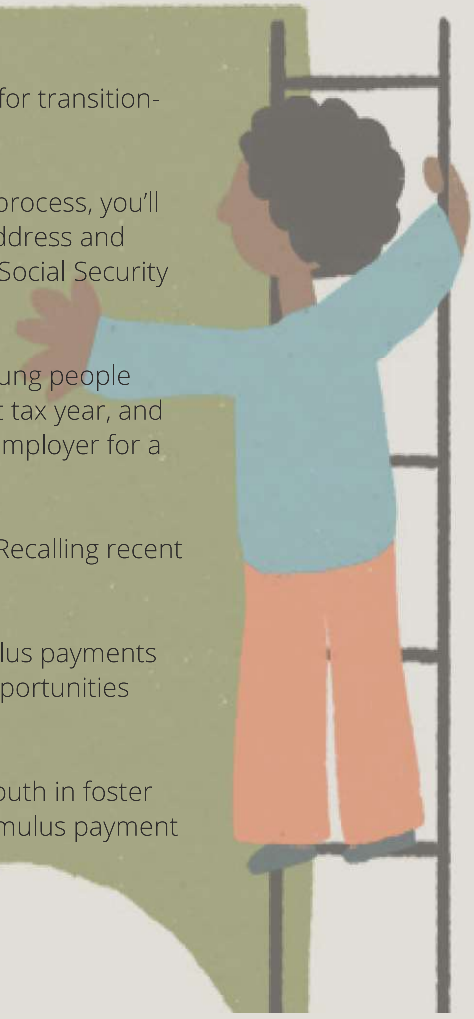
Step 1: Have your personal information ready. Before you start the tax process, you'll need to locate personal information like a government ID, permanent address and other key items. In some cases, even if you don't have documents like a Social Security number, you can still file with an individual tax identification number.

Step 2: Gather work, scholarships, income and earnings documents. Young people and their caregivers should gather all relevant information from the past tax year, and if some documents like W2 wage statement forms are missing, ask the employer for a new copy.

Step 3: Get the most cash back possible by reviewing your deductions. Recalling recent expenditures can sometimes mean a big refund.

Step 4: See if you qualify for cash back tax credits. From one-time stimulus payments to other tax credits, youth in foster care can qualify for many funding opportunities through tax filing.

Step 5: Get all your federal and state stimulus checks. Make sure that youth in foster care have received all recent tax breaks. Even if you missed a federal stimulus payment from the last two years, there is still time to collect a check.



designed to help young people overcome barriers that would prevent them from receiving temporary stimulus payments and the state's generous EITC payments.

The group created a partnership that included Santa Clara County's Social Services Agency, California's Franchise Tax Board, the Internal Revenue Service, volunteer tax preparers and several nonprofit groups that work with transition-age youth in a region that includes the city of San Jose and Silicon Valley.

The effort established a place for volunteer tax preparers to work with young people at Santa Clara County's youth center and added tax specialists to county staff. The group also provided social workers with information about the benefits of tax filing and conducted youth-friendly outreach campaigns. A 2021 evaluation of the Santa Clara pilot project revealed a boon for many current and former foster youth. The 45 young adults ages 18 to 21 who participated in the project collectively received nearly $136,000 in tax refunds, or an average tax refund per youth of $2,822. Foster youth with children of their own received an average tax refund of $6,605, increasing their adjusted gross income by 42%.

Elizabeth Clews, a 27-year-old former foster youth living in California's Ventura County, said young people growing up in government care seldom understand the benefits of filing taxes.

Desperate for a sense of autonomy after being placed in a group home at age 15, Clews started working at a Sacramento water park and at Burger King a year later. But staff at the facilities where she lived during her three years in care gave her little guidance about entering the workforce, such as the need to file taxes every year.

For the last few years, single mom Clews has juggled part-time work while caring for her two young children and attending classes at a local community college. During the pandemic, she took classes in the morning and looked after her kids in the afternoon. She often worked as late as 2 a.m. most nights as a worker in the gig economy with companies like DoorDash.

> **"I'm really thankful that I had these supporters really encouraging and even pressuring me to take advantage of what's there for me because I probably wouldn't have done it if they weren't so insistent about it."**
> **— Elizabeth Clews, Ventura County, California former foster youth**

When it came time to do her taxes, Clews said that she relied on TurboTax software to sort through the confusing process of filing as a self-employed worker. But that came with a price tag of about $200, a steep cost for her budget.

"I ended up paying these astronomical fees because I really needed money right away," Clews said in an interview. "When you have two kids and you're working less, there's always bills to pay."

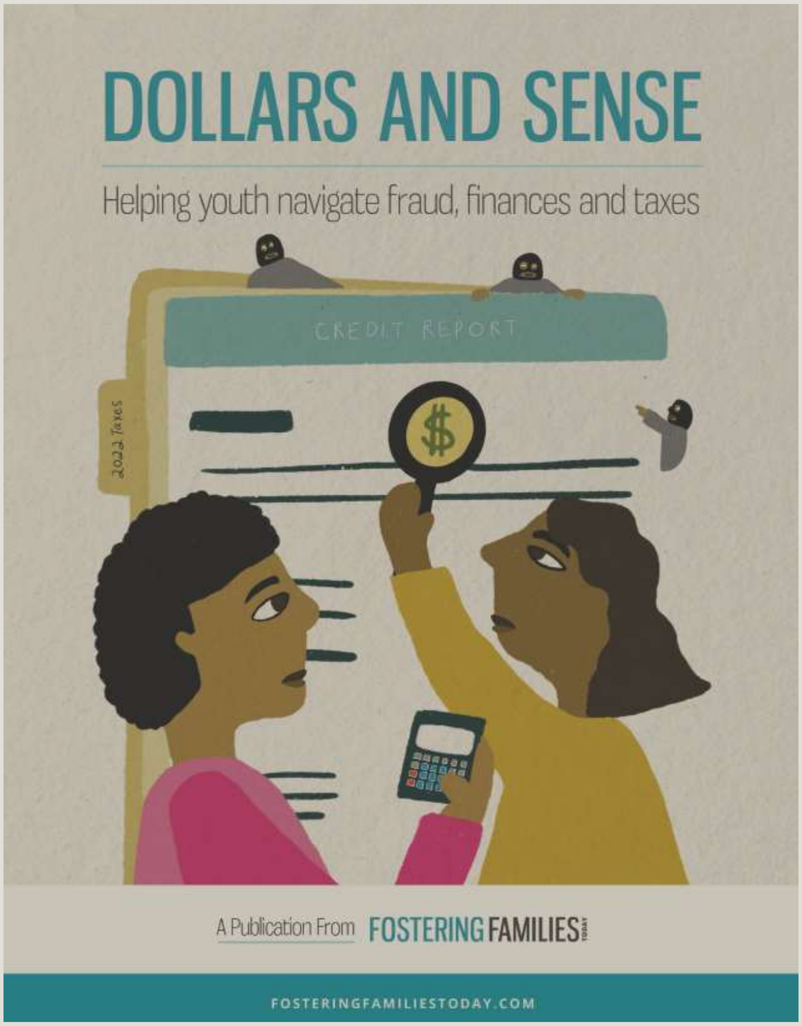
Last year, she learned more about her tax options through Johnson at John Burton Advocates for Youth. Clews was able to use TaxSlayer, a free software program, and with some help, got a lot more back through her taxes.

"I'm really thankful that I had these supporters really encouraging and even pressuring me to take advantage of what's there for me because I probably wouldn't have done it if they weren't so insistent about it," she said.

That extra help paved the way toward a brighter future. After seven years of part-time classes, Clews graduated in May 2022 and will transfer to the University of California at Santa Cruz this fall to study history, with hopes of becoming a teacher.

"When I was getting my diploma, it felt like Harvard to me," she said. "I never really had an ambition of going to school. I didn't think that I was smart enough, and I had two kids. I just thought, this is just not going to be my path. Being able to overcome everything I've had to deal with, it feels really good." •

Jeremy Loudenback is a Los Angeles-based senior reporter who writes about foster care, youth justice and child trauma for The Imprint. Loudenback tracks data, follows legislation in the state capital and reports from confidential courtrooms to cover the most vulnerable and resilient children and families. Loudenback previously worked as a reporter at the North County Times and has blogged about politics and governance and worked with homeless youth. Over the last five years, he has examined the impact of California's congregate care reforms and reported on juvenile diversion programs, among other topics.



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Applying for the Earned Income Tax Credit

By Madison Hunt

The earned income tax credit, or EITC, — available for low- to moderate-wage workers and families — can provide up to $6,700 in refunds, depending upon income and the number of children. It's a vital addition to household earnings, but advocates say too often it's unknown and unused by young people who've grown up in the system and are struggling to get by.

The funds are particularly important for parenting foster youth who have difficulty paying their children's expenses. The EITC can bring welcome relief: a parenting foster youth with two children can receive a cash refund of up to $5,980 if they earned less than $47,915 the prior year.

According to a 2021 report by John Burton Advocates for Youth (JBAY) — a San Francisco-based organization which helps the state's foster and homeless youth achieve economic stability — single filers can boost their annual income by 14%, while those with a dependent can see their annual income increase by 42%.

Anna Johnson, JBAY's housing and health associate director, has personally helped more than 100 youth in foster care file their taxes, and said most aren't aware of the tax credits available to them.

Youth in foster care can apply for the EITC if:

- They were 18 or older in 2021 and experienced homelessness in any taxable year.
- They were 18 and older and in foster care at the age 14 or older.
- They are a parent at any age, filing as the head of the household with a qualifying child.
- They are 19 or older.

In addition, the youth must meet all three of the following requirements:

- Have a Social Security Number;
- Have an income of at least $1 in 2021, but less than $57,414;
- Are not claimed as another person's qualifying child or dependent.

Generally, the income earned by foster youth is low, making them eligible for free tax filing services through the IRS. And while some earned income must be documented, it can be minimal. This year, for example, foster youth who can prove they earned at least $1 but less than $57,414 are eligible for a return. Additionally, single filers can receive a cash refund of up to $1,502 if they made less than $21,430 last year.

For the 2021 tax season, April 18 was the deadline for taxpayers to either file their return or request an extension. However, tax experts say most transition-aged youth do not owe taxes, and the deadline has been extended to Nov. 17 to file at IRS.gov/FreeFile.

Johnson said it can be difficult for youth in foster care who've moved around a lot to keep track of their employment records needed for tax filings, adding that pay stubs, a bank statement or other documentation, such as check, will work.

"One person I worked with, who had two kids, helped their friend move, and got paid $20," said Johnson, who told the young person "we can use that."

However, far too often, the help needed to gather documents and file taxes isn't available from other adults in the lives of foster youth, and there's no federal law requiring tax assistance be provided to young people raised in government care who reach independence.

"A lot of young people get overwhelmed with the amount of information they need, each document they lost in a move or a child welfare displacement — that placement instability is traumatizing," Johnson said. "No one helped them get those documents, and no one helped them get any replacements."

She recommends foster parents work with young people to gather all the necessary information and create a tax folder — including identification documents, last year's tax return, proof of unemployment compensation and W-2s or 1099s from each job they worked — in a locked or electronic file.

IMPORTANT DOCUMENTS TO SAVE

- Social Security Card
- Birth Certificate
- Tax Returns
- W-2s
- 1099s

"You really have to support them on multiple levels," Johnson said.

If personal help is unavailable, there are online tax filing services, such as TaxSlayer and VITA, that offer free tax help to those who make $58,000 or less.

Chris Torrez, a parenting foster youth, posted on the VITA site that using the website the return he received helped "tremendously" with bills he was behind on after losing his job.

Torrez wrote that the tax refund he received after filing online helped pay off his light bill, his rent and buy toys for his children. For parents, he posted on the site, "it's super important that they're able to file their taxes so they get the extra help they need."

Without the proper guidance, some youth in foster care are missing out on thousands of dollars in cash refunds, according to tax experts.
To receive a tax credit for earned income, one critical box must be checked on line 27 of the 2040 tax form that reads: "is at least age 18 and meets the requirements to claim the EITC." Once the box is checked off and the taxes are filed, the IRS will confirm whether the information is correct before disbursing the funds.

Youth in foster care can choose whether they would like to receive their refund either by direct deposit or as a paper check, which typically arrives within four to six weeks. Electronic refunds are received within 10 days of filing. •

Madison Hunt is a New York-based reporter for The Imprint covering child welfare and the youth justice system. Previously, she reported on social justice issues within minority communities for Capital News Service. Her work has been featured in The Washington Post and The Baltimore Sun, among other publications. She holds a master's degree from the Philip Merrill College of Journalism at the University of Maryland and a bachelor's degree from St. John's University in Queens.

"A lot of young people get overwhelmed with the amount of information they need, each document they lost in a move or a child welfare displacement — that placement instability is traumatizing. No one helped them get those documents, and no one helped them get any replacements."
— Anna Johnson, JBAY's housing and health associate director

Helping Transition-Aged Youth File Their Taxes and Build Economic Security

Tax Time

By Jennifer Pokempner

As a result of federal pandemic legislation, also known as the Consolidated Appropriations Act and the American Rescue Plan of 2021, temporary changes in federal tax laws continue to make filing taxes very advantageous for transition-aged youth. While the 2022 tax deadline has passed, it's not too late for young people to file and claim funds for which they're eligible.

This article describes how you can support young people in light of these temporary changes to federal tax law, and how you can continue to support them as they build long-term financial skills.

Temporary Tax Benefits for Transition-Aged Youth

The American Rescue Plan makes transition-aged youth with experience in foster care and homelessness eligible for the Earned Income Tax credit if they are age 18 or older and worked last year. This is an expansion of the benefit for younger workers without children. Here is a summary of the temporary changes for the 2021 tax year most relevant to transition-age youth and the money at stake:

- Earned Income Tax Credit (EITC): The American Rescue Plan temporarily expanded the EITC, making young adults aged 18 or older, who either (a) are currently or have been in foster care or (b) are homeless, eligible for the EITC if they earned income in 2021. A non-parenting youth could be eligible for up to $1,502. For a working parent, the maximum EITC is $3,618 for one child; $5,980 for two kids; and, $6,728 for three or more children.
- Child Tax Credit (CTC): Parenting young people can receive the CTC even if they didn't earn any income in 2021. A parent is eligible for up to $3,600 per child aged 0-5 and up to $3,000 for a child aged 6-17.
- Economic Impact Payments (EIPs): Young people may also be eligible for any of the EIPs, also referred to as stimulus checks, they haven't yet received. Individuals could be eligible for up to $3,200 if they're not parenting and more if they are.

Young people may still be eligible for these funds, but they need to take action.

What You Can Still Do to Help Young People Access the EITC, CTC and Stimulus Payments

The Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC) and stimulus funds can be critical to a young person and help meet immediate needs, secure housing, and be part of a plan for savings. Yet, many young adults are not aware they may be eligible for these funds; and some incorrectly believe that because they're in foster care they are not eligible. In addition, some believe it's too late to access the payments, but that is not the case.

Filing taxes can be overwhelming and confusing, especially for those filing for the first time and without much support. As a caregiver, your help will greatly increase the odds that young people receive the funds they're eligible for and also assist in helping the young person establish a routine of filing taxes annually.

Here are a few things you can do to help young people file right now:

1. Connect youth with free assistance to file their taxes if it is still available. Volunteer Income Tax Assistance (VITA) sites provide no cost tax preparation assistance, and are your best bet for individualized tax prep assistance for young people. Some sites may still be open. You can help youth find their local VITA at https://bit.ly/irs-VITA.
2. Help youth access the trusted, free online tools and websites to file taxes, if local VITA sites are not available. There is no need to use sites which ask for money for their services.
   a. Help young people access the EITC, by visiting IRS.gov/FreeFile until Nov. 17, 2022. Otherwise, you'll have to wait for the portal at https://www.getyourrefund.org/en to reopen in January. This is a trusted site developed by Code for America, the White House and the Department of Treasury. Individuals can claim their EITC using this site by waiting until the 2023 tax filing portal opens in January. An individual can still claim tax credits from the previous three years.
   b. Help young people apply for the Child Tax Credit and/or third stimulus payment at https://www.getctc.org. This site was developed through a partnership with Code for America, the White House and the IRS. Filing should be done as soon as possible, but no later than November 15, 2022.
3. Help youth get ready to file. Whether young people use a VITA site or an online platform, they're likely to need preparation support to ensure they have any needed documents and information. You can use this Tax Preparation Checklist for Transition-Aged Youth from John Burton Advocates for Youth to help young people get ready: https://bit.ly/TaxPrepCheck.

Prepare for the Next Tax Season and Help Youth Develop Economic Capability Long Term

Researchers define economic or financial capability as "the combination of the financial knowledge needed to make good choices, the ability to apply that knowledge in day-to-day life, and the necessary access to financial products and services." However, many young people in foster care aren't provided the support and opportunity to gain and practice these critical skills necessary for their success. Those supporting young people can take the opportunity to help them file their taxes and teach and support the development of other skills that will help them develop financial literacy and capability.

1. Support Young People in Filing Taxes for 2022

While many of these changes in the federal tax code are temporary, there are other benefits to filing taxes for young people, especially those enrolled in post-secondary programs and/or those who work and/or who may have children. For example, young adults enrolled in vocational programs or attending college may be eligible for the American Opportunity Tax Credit and Lifetime Learning Tax Credit. If child care is required for a young person to work or look for work, they may be eligible for the Child and Dependent Care Credit. There are also an array of credits for entrepreneurs and business owners. The Child Tax Credit and Earned Income Tax Credit will continue to be available albeit in a less expansive form than during the pandemic.

January 2023 is when appointments open up at local VITA sites. Find the list at https://irs.treasury.gov/freetaxprep. Filing for the 2022 tax year begins in January 2023 and VITA sites will open around that time. Whether they go to a VITA site or file online, young people need to collect documents and information for filing. The Tax Prep Checklist for Transition-Age Youth from John Burton Advocates for Youth is an easy resource to assist tax filers in gathering the information and materials in preparation for their appointment.

2. Use the Tax Filing Experience as an Opportunity to Develop a Young Person's Economic Capability Skills

Most young adults learn best by doing. A tax refund provides an opportunity to develop money management skills. Support youth in developing a budget, a saving plan, opening a savings account, and exploring opportunities for financial planning and development for their future. Helping youth open a checking and savings account is an important step to encourage long-term savings goals. It also presents an opportunity to teach young people about the distinctions between banks, credit unions and other entities like check cashing businesses and financial products like Chime or CashApp that may have hidden costs.

Additional Resources

For information on supporting young people in developing economic capability, visit:

- Keys to Your Financial Future: https://www.aecf.org/series/keys-to-your-financial-future
- Youth and Credit: Protecting the Credit of Youth in Foster Care: https://www.aecf.org/resources/youth-and-credit
- A Financial Empowerment Toolkit for Youth and Young Adults in Foster Care https://www.acf.hhs.gov/cb/grant-funding/financial-empowerment-toolkit
- State Independent Living Coordinators: bit.ly/state-etv

Below are resources that will be useful for you to help young people file their taxes:
Tax Credits Put Money in Your Pocket: A Tax Filing Guide for Transition-Age Youth (John Burton Advocates for Youth 2022)

- View the California version: https://jbay.org/resources/tax-filing-guide/
- View the national version: https://jbay.org/resources/tax-filing-national/

Tax Prep Checklist for Transition-Age Youth (John Burton Advocates for Youth 2022)

- View the California version: https://bit.ly/CATaxPrep
- View the national version: https://bit.ly/TaxPrepCheck

Many of the organizations serving as VITA sites provide these services or can help you identify organizations in the community that specialize in teaching skills related to understanding credit, savings, debt, and money management. You can also connect the young person with their local Independent Living Program for assistance by visiting bit.ly/state-etv.

3. Use the Tax Filing Experience to Address Challenges to Economic Capability

Building economic capability skills depends on more than just budgeting and saving money. It also requires protecting identity, protecting and building credit, and leveraging community resources. Here are a few actions you can take to help youth build their skills and protect themselves.

a. Understand and Protect Vital Documents: Ensure young people have access to their vital documents while in foster care, that they have them before they leave care, and that they understand the importance of protecting their identity. Federal law requires young people be provided the following prior to being discharged from foster care at age 18 or older: birth certificate, Social Security card, health insurance information, a copy of their medical records, a driver's license or state-issued ID card, and official documentation that the young person was in foster care. However, because the transition to adulthood planning requirement begins at age 14, young people in care should have access to their vital documents well before discharge, as they are often needed for day-to-day activities related to education and employment.

b. Check Credit Reports and Address any Challenges: Beginning at age 14, ensure young people in foster care receive their annual credit report from the child welfare agency and are provided assistance in addressing any problems that are uncovered. This is an important, critical requirement of federal law given the large number of young people in foster care who are victims of identity theft. Your role in making sure problems are flagged and assistance is provided can be instrumental in assuring youth leave care with their credit intact.

c. Screen and Help with Benefit Applications: Ensure youth are screened for and provided assistance in applying for any state and federal public benefits they may be eligible for as they leave foster care. Benefits like food stamps (SNAP), Women, Infants, and Children (WIC), and the Low Income Home Energy Assistance Program (LIHEAP) are examples of benefits that can be a critical part of a solid transition plan. In addition, youth who were in care after age 18 and enrolled in Medicaid at that time are eligible for Medicaid until age 26. Given the ever-growing cost of health care, ensuring young people have continued Medicaid coverage can be a huge cost saver as well as a source of improved well-being. •

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Terry Scraggins

Where do you live? Nampa, Idaho

What financial challenges have you faced?
Repossessed car, defaulting in payments and collections.

How did you file your taxes? Online

If you received a refund, how did you use it?
Spent it on immediate needs like housing, food, etc.'

What services or supports would make you feel more confident about managing your own finances?
None at this time.