



Expanding the Earned Income Tax Credit for Former Foster Youth

THE PROBLEM

Across the United States, approximately 20,000 to 25,000 youth between ages 18 and 21 age out of foster care each year.¹ Young people exiting the foster care system often endured instability, neglect or abuse, making the path to successful, independent adulthood more challenging than the path for

By age 24, nearly 30% of youth formerly in foster care have experienced at least one night of homelessness.

(Source: Chapin Hall Issue Brief, Partners for Our Children)

their non-foster peers. As a result, youth exiting the foster care system experience a range of poor outcomes including higher rates of mental illness, lower educational attainment and lower incomes. By age 24, youth formerly in foster care earn between half and a quarter of the earnings of their non-foster peers.² These individuals face additional barriers to economic stability and other challenges such as a lack of stable housing, limited access to necessary documentation and fewer concrete supports as they transition into adulthood.³

The Earned Income Tax Credit (EITC) is a federal tax credit for low- and moderate-income working individuals and families. The credit was first established in the 1970's as an alternative to a negative income tax and has grown to become one of the most important federal anti-poverty programs. Research has consistently shown the EITC brings recipients into the labor market and reduces poverty.⁴ The credit is both variable, meaning the amount of the credit changes, and refundable, meaning that an individual can receive more federal support than he/she pays in taxes. The variability component is designed to incentivize work and raise living standards. In order to claim the credit a taxpayer must have earned income. The credit rises with earned income until it reaches a maximum and then begins to phase out.⁵ The credit provides significant support to low-

¹ The AFCARS Report, Department of Health and Human Services, Administration of Children and Families, July 2014. <<http://www.acf.hhs.gov/sites/default/files/cb/afcarsreport21.pdf>>

² Chapin Hall Issue Brief, Partners for Our Children, University of Chicago, 2012.

<http://www.chapinhall.org/sites/default/files/publications/Midwest_IB3_Employment.pdf>

³ Center for the Study of Social Policy (2014). Support Youth Transitioning from Foster Care. Policy for Results.

⁴ Center for Budget and Policy Priorities, 2004. Earned Income Tax Credit Promotes Work, Encourages Children's Success at School, Research Finds For Children, Research Indicates That Work, Income, and Health Benefits Extend Into Adulthood, Center for Budget and Policy Priorities, April 15, 2014.

⁵ Earned Income Tax Credit Promotes Work, Encourages Children's Success at School, Research Finds For Children, Research Indicates That Work, Income, and Health Benefits Extend Into Adulthood, Center for Budget and Policy Priorities, April 15, 2014.

income parents, but the maximum credit that can be claimed by a childless worker over 25 years of age is approximately \$500.⁶

“I’ve been financially independent for several years now and it’s stressful...knowing you can’t splurge every now and then because you have no financial support.” (Source: Guardian Scholars, UCLA)

The EITC is not currently offered to adults under age 25 unless they are parenting. The current policy assumes that many adults ages 18 to 24 earn little income but rely on their parents for financial support. While this may be true for some young adults, this is almost never true for youth formerly in foster care. At 21, only 13.2 percent of youth formerly in foster care report living with a biological or foster parent.⁷ Expanding the EITC would provide a benefit to this population that could help reduce poverty and increase labor market participation with very little

additional cost to the taxpayer. Youth formerly in foster care are particularly vulnerable and deserve the benefits associated with poverty programs for adults.

THE MISSION

The U.S. government has a bipartisan legacy of leadership on child welfare reform. In recent years Congress has made substantial progress toward improving the lives of vulnerable young people, building momentum for continued reforms. In 2005, Congress passed the Deficit Reduction Act, which included investing \$100 million over five years for courts to track cases, provide training and increase collaboration with child welfare agencies. In October 2008, the Fostering Connections to Success and Increasing Adoptions Act was unanimously passed in Congress and signed into law by President Bush.⁸ This was the most significant child welfare legislation in ten years.

Recently, President Obama and Members of Congress on both sides of the aisle have expressed an interest in reforming the tax code and expanding the EITC. More specifically, President Obama and Congressman Ryan have both proposed doubling the maximum credit, modifying the phase-in and phase-out rates, and lowering the eligibility age for childless workers from 25 to 21 years of age. The 114th Congress presents a moment of opportunity to expand the EITC for youth formerly in foster care ages 18 to 25 and an expansion of the credit to other young adults ages 21 to 25. It not only will provide much needed financial support to those in need, but will also incentivize work and equip youth formerly in foster care to become successful adults and productive members of society.

THE WORK

The Annie E. Casey Foundation and the Jim Casey Youth Opportunities Initiative have already funded Phase I, a comprehensive policy development and advocacy strategy planning phase, for this project. First Focus, The Sheridan Group (TSG) and Gilchrist & Company are now actively identifying funders for a Phase II to develop a comprehensive political and legislative strategy, and Phase III, a plan to implement that strategy. The specific elements to this work are outlined below.

⁶The term “childless worker” includes non-custodial parents, meaning a parent who does not have physical or legal custody of his/or her child.

⁷Midwest Evaluation of the Adult Functioning of Former Foster Youth: Outcomes at Ages 21; Chapin Hall, 2007.

⁸The Commission on Children in Foster Care, Pew Charitable Trust. <<http://www.pewtrusts.org/en/archived-projects/commission-on-children-in-foster-care>>

Phase II: Developing a Legislative Strategy

TSG, Gilchrist & Company and First Focus will convene strategic planning sessions to develop goals, strategies, tactics, and classify allies and opposition to identify clear opportunities to ensure the EITC expansion policy is incorporated into the tax reform efforts.

Stakeholder Research

A smart policy often requires engaging partners with similar goals. Validation from a cross section of organizations will increase visibility and credibility with a larger audience of policymakers. To inform this strategy, TSG, Gilchrist & Company and First Focus will review relevant coalitions and advocacy groups to assess opportunities to partner and leverage the work of these groups to help advance the policy. The inclusion and input of key allies and stakeholders in the field is desired, but it will need to be measured against how quickly such input and consensus can be facilitated. Some of these working partnerships may include:

- Alliance for Children's Rights
- American Enterprise Institute
- Casey Family Programs
- Children's Defense Fund
- Christian Alliance for Orphans
- CLASP
- Stuart Foundation

Congressional Research

TSG, Gilchrist & Company and First Focus will also build on the research already conducted in Phase I to identify key Members of Congress to champion the policy. Targets for the research may include:

- Members of the U.S. Senate Finance Committee
- Members of the U.S. House Ways and Means Committee
- Members of the Congressional Caucus on Foster Youth

Administration Research

TSG, Gilchrist & Company and First Focus will build on the research already conducted in Phase I to identify possible allies in the Administration. Targets for this outreach may include:

- The U.S. Department of Health and Human Services' Administration of Child and Families
- U.S. Department of Labor
- The Internal Revenue Service (IRS)

Legislative Outline

After getting feedback and buy-in from relevant policymakers and stakeholders about the ideas laid out in the Policy White Paper developed in Phase I, TSG and Gilchrist & Company will write a specific legislative outline that could be introduced in Congress with bipartisan support.

Phase III: Implementation

Based on the information gleaned in the legislative strategy development phase described above, the project would then enter into an implementation phase (Phase III) to effectively target and educate relevant policymakers and partners in an effort to attach and move the EITC expansion legislation.

Below are some of the strategies and tactics we would employ to ensure the policy's success:

- Cultivate and broaden relationships with relevant Administration officials, Congressional officials, their senior staff and circles of influence and other allies and stakeholders in support of the policy.
- Identify appropriate vehicles, including legislation related to tax reform, to attach and move the EITC expansion proposal.
- Provide advice based on intelligence gathering and situational and political analysis regarding committee dynamics and their legislative agendas.
- Provide follow up action and communications to congressional offices after policymaker visits.

Funding

Operationalizing this work will require funding of approximately \$250,000 annually. This money could come from one funding source or multiple funding sources.

Conclusion

The EITC is among the strongest tools for reducing poverty and encouraging workforce participation. The poverty rate has declined by nearly 40 percent since 1967, in part because of programs like the EITC.⁹ The Administration, Republican and Democratic leadership in Congress and experts in tax reform and child welfare are in agreement – now is the time to expand the EITC to those who need it most. This is a critical investment in our country's future and there is no more important goal we can share than ensuring the most vulnerable members of our society have an opportunity to succeed.

⁹The President's Proposal to Expand the EITC, Executive Office of the President, U.S, Department of Treasury, March 2015.

BIOGRAPHIES

The following individuals will be working together on this project.

Tom Sheridan

President, The Sheridan Group

Once again named a “Top Lobbyist” by *The Hill* newspaper for 2014, Tom Sheridan is described as a “powerbroker for those without a voice.” A social worker by training and an advocate by trade, Tom brings a unique perspective to his work as one of Washington’s most senior political and public policy strategists. Tom is known on Capitol Hill and in the West Wing for using his deep understanding of the political process and decades-long relationships with senior Members of Congress and top Administration officials to help organizations achieve scalable, positive social change.

From designing and leading the country’s most well-known issue campaigns, including his work for Bono’s ONE Campaign to create PEPFAR and his more recent role as lead strategist in Save the Children’s effort to form a new 501(c)(4) political arm, Tom is a seasoned operative who brings a unique approach to advocacy. This senior level experience helping top-notch organizations achieve success makes Tom a highly sought-after political tactician for organizations determined to challenge the status quo and create meaningful change in our country and around the world.

In 1991, Tom founded The Sheridan Group where he and his team work to craft effective strategies for socially responsible public policy initiatives to “help the good do better.” Over the years, The Sheridan Group has become the go-to firm in the nation’s capital for grassroots advocacy, issue campaign management and coalition-building for non-profit organizations, social entrepreneurs and socially conscious corporations.

Tom was the lead political strategist for the America Forward campaign, a two-year bipartisan initiative to engage the 2008 Democratic and Republican Presidential candidates in adopting policy proposals to increase innovation, strategic investment and accountability in public problem solving. This work led to the eventual creation of the White House Office of Social Innovation and Civic Participation, which promotes engagement and collaboration between the business and social sectors to help solve community problems.

Tom began his career at the National Association of Social Workers and the Child Welfare League before joining the AIDS Action Council in the late 1980s, where he became the chief architect and strategist behind the enactment of the Ryan White CARE Act, landmark legislation for the HIV/AIDS community, as well as the lead lobbyist for the historic Americans with Disabilities Act (ADA).

Tom is a frequent speaker on how to use the levers of politics and policy to effect social change.

Community Engagement

Tom is a founding Board Member of AIDSPAC and the Matthew 25 Project and has served on the Advisory Council for WAMU National Public Radio in Washington, DC. He has been a volunteer

for and benefactor of numerous community charities and is proud to have participated in seven AIDS Life Cycles, pedaling more than 3,000 miles.

Lindsay Gilchrist

Founder, Gilchrist & Company

Lindsay Gilchrist is the founder of Gilchrist & Company based in Los Angeles, California providing policy expertise, advocacy strategies and fundraising and communications support for non-profit organizations, foundations and policy-makers. Some of her clients include international non-profits like The Global Health Technologies Coalition and Management Sciences for Health and domestic organizations like Step Up on Second.

In 2012, Lindsay worked for mothers2mothers (m2m), an international non-profit that prevents mother-to-child transmission of HIV. As the Senior Advocacy Officer, she led m2m's efforts to improve knowledge about maternal and child health in Africa. Lindsay represented mothers2mothers with members of Congress, the Executive branch and other NGOs. She also organized advocacy events, including Congressional briefings and a press conference.

Prior to mothers2mothers, Lindsay worked for the U.S. House of Representatives' Subcommittee on Africa and Global Health. As a Professional Staff Member she advised Subcommittee Chairman Donald Payne on global health, security and humanitarian issues in Africa. In addition, she collaborated with the Foreign Affairs Committee staff on the successful passage of the Conflict Minerals Bill, which requires companies to disclose the sources of minerals used in their products. She organized a Congressional hearing on the status of the President's Emergency Plan for AIDS Relief (PEPFAR), and she served as the staff person on the Congressional Sudan Caucus.

Lindsay also worked as a Special Assistant to Senator Edward M. Kennedy, providing recommendations for legislative and communications issues. While working for Senator Kennedy, she played a role in several critical pieces of legislation: the Iraqi Refugee Bill, the Lilly Ledbetter Fair Pay Act, the Edward M. Kennedy Serve America Act and healthcare reform.

Lindsay currently volunteers as a CASA (Court Appointed Special Advocate) advocating for abused and neglected children in the foster care system. She was born and raised in Denver, Colorado, and she holds a Bachelor of the Arts in Political Science and Spanish from the University of San Diego and a Masters in Public Policy from UCLA.

Greg Srolestar

Child Welfare Policy Analyst

Greg Srolestar is a policy analyst and program evaluator who focuses on the interconnected challenges facing American youth, including educational barriers, the child welfare system, mental health, housing instability, and other impediments to success. He has written about Title I tutoring and the free provision of glasses in schools, spoken to a range of audiences about the child welfare system, and appeared on KPCC to discuss the need for specialized foster care families. Recent projects include consultation on a program re-design with the Coalition for Engaged Education and coordinating data-use agreements for a county-wide evaluation of a mental health program on behalf of Seedling Consulting Group. He is a graduate of UCLA's Master of Public Policy Program and holds a B.A. from Vassar College.

Shadi Houshyar

Vice President, Child Welfare – First Focus

Shadi serves as First Focus' Vice-President for Child Welfare Policy and leads our efforts on child welfare policy. She has experience working with families involved in the child welfare system and is particularly interested in identifying opportunities to address the health and behavioral health challenges of children and youth impacted by the child welfare system. Shadi is also director of the State Policy Advocacy & Reform Center (SPARC), a national resource center for state-based advocates, aimed at improving outcomes for children and families involved with the child welfare system by building the capacity of and connections between state child welfare advocates. Shadi oversees a growing network of state-based child welfare advocates participating in SPARC and works collaboratively with state child welfare advocates to set SPARC's agenda of issues and activities.

Shadi received her PhD in developmental psychology from Yale University, where she worked with children who were maltreated, and concentrated her research on identifying factors that foster resiliency in children exposed to trauma. Shadi's graduate research involved an evaluation of an intervention program in the state of Connecticut designed to minimize multiple placements, re-abuse, and re-entry into the child welfare system. Her research was recognized by awards from Division 37 of the American Psychological Association (APA), the Section on Maltreatment of Division 37 of APA, and the American Psychological Association of Graduate Students. While at Yale, Shadi served as a Fellow of the Bush Center in Child Development and Social Policy. After graduating, Shadi went on to serve as a AAAS/SRCD Congressional Fellow in the Senate, working on education and health policy in the Office of Senator Jeff Bingaman (NM). She has experience in policy communications and government relations and served as a Senior Associate at Burness Communications - a communications firm working exclusively with non-profits and foundations in the health sector.

Cara Baldari

Senior Policy Director, Poverty & Family Economics, Housing and Homelessness – First Focus

Cara Baldari is the Senior Policy Director for Family Economics and Legal Counsel at First Focus, a national bipartisan children's advocacy center dedicated to making children and families the priority in federal policy and budget decisions. In this role, she aims to increase federal investment in economic supports that can make a dramatic difference in low-income family budgets and lift children and families out of poverty.

In her time at First Focus, she has worked a number of issues affecting children living in poverty, including child and family homelessness, child welfare policy, childhood asthma, child nutrition, and children's health policy. Her role also included assisting in the project management of the State Policy Advocacy & Reform Center (SPARC), a national resource center aimed at improving outcomes for children and families involved with the child welfare system, and the Childhood Asthma Leadership Coalition (CALC), a national, multi-sector effort to improve policymaking around childhood asthma.

In addition, she co-authored America's Report Card 2012: Children in the U.S., which was co-released with Save the Children and provides a holistic picture of unmet needs in five areas of a

child's life: economic security, early childhood education, K-12 education, permanence and stability, and health and safety.

Before coming to First Focus, her previous experiences focused on the areas of affordable housing and homelessness, which included her work advising and representing low-income clients in landlord tenant disputes in Pittsburgh, PA. Through this work, she witnessed firsthand the policy changes that are needed to prevent homelessness and better assist low-income families.

Cara received a BA in History and Political Science with a minor in Legal Studies from the University of Pittsburgh, and a JD from the University of Pittsburgh School of Law.