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AB 239

Thank you Chairman Krug and members of the committee for holding a hearing on AB239, which creates a refundable income tax credit for young adults who have aged out of the foster care system or have had their disability status redetermined at age 18. As a licensed foster parent, I can confidently say that this legislation will help these individuals.

Currently, under federal law, young adults under the age of 25 and without dependents cannot apply for the Federal Earned Income Tax Credit. This bill creates a process by which disadvantaged individuals can access this additional financial support while gaining their independence.

When youth age out of the system, they are left with no support system at all. By not achieving permanence, they are left to provide for themselves. At age 18, we are legally considered adults, but as we all can relate, we still have so much left to learn. Under this bill, we can provide much needed support as these young adults develop professional skills and learn to live independently.

Additionally, this bill provides assistance to those who have had their disability status redetermined upon reaching adulthood. According to the Social Security Administration, the criteria for disability changes once an individual reaches the age of 18. While a minor, the threshold is stated as "severe functional limitations" but after their 18th birthday, it changes to "inability to do any substantial gainful activity." In short, their disability classification is now based on whether or not they can perform work. Under this bill, we can help ease the transition for those who were previously considered disabled but are now part of the workforce.

To administer this tax credit, DHS and DCF would work with the Department of Revenue to identify the individuals to which this tax credit would apply. It is estimated that 2,000 young adults stand to benefit from an average tax credit of \$350 should this bill pass.

Following my testimony, you will hear from individuals who will directly benefit from this legislation. I believe, that by allowing these young adults to keep more of their earned income, we are providing them with a much needed system of support as they transition into independent living.

Thank you for your attention and I hope you will join me in supporting this legislation.



TO: Assembly Committee on Public Benefit Reform
FROM: Libby Foster, Family Case Management Manager, Children's Hospital of Wisconsin
DATE: Tuesday, April 18, 2017
RE: Support for AB 239—Income Tax Credit for Former Foster Youth & Youth with Prior Disability Status

Good afternoon, Chairman Krug and members of the committee. My name is Libby Foster and I am a manager in Family Case Management at Children's Hospital of Wisconsin. Thank you for allowing me this opportunity to testify today in support of AB 239 which relates to providing an income tax credit for former foster youth and youth with prior disability status. I want to thank the bill's authors Representative Todd Novak and Senator Luther Olsen for sponsoring this legislation.

Children's Hospital of Wisconsin (Children's) serves children and families in every county across the state. We have inpatient hospitals in Milwaukee and the Fox Valley. We care for every part of a child's health, from critical care at one of our hospitals, to routine checkups in our primary care clinics. Children's also provides specialty care, urgent care, emergency care, dental care, school health nurses, foster care and adoption services, family resource centers, child health advocacy, health education, child welfare services, family preservation and support, mental health services, pediatric medical research and the statewide poison hotline.

Children's is the largest not-for-profit, community-based agency serving children and families in the state, providing community services to more than 15,000 children and families annually. In partnership with the Division of Milwaukee Child Protective Services, Children's is responsible for the recruitment, licensing and support of foster and adoptive parents. We also match and place children with foster and adoptive parents. The majority of children and youth have some degree of physical, behavioral and emotional needs stemming from the trauma they have experienced in their lives.

While Children's is dedicated to finding families for all of the children we serve, there are teens in Milwaukee who reach age 18 without the supportive environment that all young people require to become healthy, safe and successful adults. We know that teens who exit foster care from care without a connection to a family or other supportive adult are more likely to become homeless, require public assistance or become incarcerated. For those youth who experience a redetermination in their disability status upon reaching age 18, they are often left without the necessary connections and ability to cope with their life circumstances.

The federal Earned Income Tax Credit (EITC) helps low to moderate income level families, however it is unavailable to young adults under age 25 unless they are parenting. Many young people receive support from their parents, but former foster care youth lack this invaluable resource. AB 239 would help provide a level of economic stability for those youth in order to help them obtain and maintain a safe, stable housing environment and assist them with participating in secondary education or entering the workforce. While the proposed income tax credit would greatly impact the lives of former foster care youth, the overall cost of implementation would be small, due to the small, but often overlooked and forgotten former foster care youth.



Earlier this week I checked in with a young person who aged out of foster care. I first met Kelly almost five years ago and like most teenagers she was just trying to figure out who she really was and what she wanted to do. But Kelly's story is different than most 16 year olds that you may know because she was in foster care and at the time in her 9th foster home in 8 years with no permanency resource. She was preparing to age out of the system. I got to know Kelly pretty well and three years ago around this time Kelly was turning 18 and preparing to go off to college- a scary endeavor for many youth, but even scarier for kids like Kelly who have never left the city limits and have no home to go back to. The night before she went off to college instead of being with family and friends, she was with me at Target picking up the last of the necessities like a shower caddy and late night snacks.

I am happy to share that today against the odds, Kelly works two part-time jobs, has her own apartment and most amazingly is on track to complete her undergraduate degree in 4 years. Kelly is exactly who would benefit from the Earned Income Tax Credit. She could utilize the credit to pay tuition or living expenses. It would ease her anxiety about how she will be financially stable so that she can make it to graduation. The Earned Income Tax Credit will make it possible for Kelly to earn the education she needs to obtain employment, so that she becomes a positive contributor to our society. Kelly has a dream of buying a home, so she can reunite with her little brother. The Earned Income Tax Credit will help Kelly realize that dream.

Chairman Krug and committee members, I thank you again for the opportunity to testify in support of AB 239. I am happy to answer any questions now. If you have any questions, comments or concerns after the hearing, please feel free to contact me via email at libby.foster@cssw.org or via phone at 414-453-1400.



TO: The Honorable Members of the Assembly Committee on AB 239

FROM: Linda A. Hall, Executive Director

DATE: April 18, 2017

RE: **Support for Assembly Bill 239 – Refundable Tax Credit for Youth in Transition**

Thank you for the opportunity to provide testimony in support of Assembly Bill 239 to provide additional support for youth as they transition out of Wisconsin's child welfare or child disability systems.

WAFCA is a statewide association that represents over fifty child and family serving agencies and leaders in the field and advocates for the more than 250,000 individuals and families that they serve each year. Our members' services include family, group and individual counseling; chemical dependency treatment; crisis intervention; outpatient mental health therapy; and foster care programs, among others. For many years, our member agencies have focused significant attention on the needs of the youth in their care who "age out" of the foster care system.

Youth exiting Wisconsin's foster care system without permanency face a range of challenges as they move into their adult lives. Like all young people, children in foster care need support – both financial and social – as they take their first steps toward independence. However, unlike their peers, youth aging out of the foster care system face unique obstacles that can make it more difficult as they seek to find their footing through their first tentative steps on the path to adulthood.

Over the past decade, researchers and lawmakers across the country have worked to develop stronger policies to support youth aging out of care. Former foster youth in Wisconsin participated in one of the most significant national studies, which has been frequently cited across the country as a basis for policies to increase services and supports for these young people. The *Midwest Evaluation of the Adult Functioning of Former Foster Youth* tracked youth over nearly a decade. Some of the findings included that former foster youth:

- Are far less likely than their same age peers to graduate or earn a GED and significantly less likely to be enrolled in higher education;
- Are more likely to experience homelessness; and
- Are twice as likely as their same age peers to experience depression and physical health problems.

It is clear from the research and from the direct experience of our member providers that due to trauma and significant disruptions in their home and educational experiences, youth in foster care at ages 18 and 19 are not developmentally ready for independence. In fact, more recent data on Wisconsin foster youth shows that fewer than 10% of foster youth have any work experience by age 17.

There is some good news.

In recent years, Wisconsin has taken significant steps to address the challenges faced by this population including:

- Extending Medicaid coverage to the age of 26;
- Providing an option for youth with special needs to stay in out-of-home care beyond the age of 18; and
- Facilitating opportunities for youth in care to participate in normal life activities like employment and extracurriculars that help youth develop skills and prepare to live independently.

In addition, the population of foster youth who have aged out of the system is declining thanks to statewide efforts to increase permanence. In 2009, the number of youth aging out was 491 and, despite increases in the child welfare caseload over the past few years, the number youth aging out has continued to drop to a new low of 279 in 2016. AB 239 proposes a targeted investment in this small population of youth who are in the workforce and building their skills.

The state investment proposed under AB 239 will add to the supportive resources available to youth who are in transition and help them in their journey toward greater independence.

Thank you for your time and consideration. We look forward to working with the Committee to advance this legislation.

TO: The Honorable Members of the Public Benefit Reform Committee
FROM: Kim Westfahl, Director of Adoption and Foster Care Services
DATE: April 18, 2017
RE: Support for Assembly Bill 239 – Tax Credit Assistance for Young Adults

Thank you for the opportunity to provide testimony in support Assembly Bill 239 to provide tax credit assistance for young adults aging out of Wisconsin's child welfare system and children who have lost their disability status as they entered adulthood.

Lutheran Social Services of Wisconsin and Upper Michigan, Inc. is a statewide, nonprofit, social service agency that touches over 100,000 lives each year. LSS's services include Treatment Foster Care, Special Needs Adoption, residential group homes, shelters, and care centers for youth, runaway services, family preservation services, and outpatient mental health therapy. We also provide a variety of other services to adults and children throughout Wisconsin.

The State of Wisconsin has made great strides to improve services to youth aging out of the child welfare system in the past few years. LSS has partnered with the State to increase permanency for these children in our Special Needs Adoption Program, which has resulted in a decrease in the number of children aging out of the system. We have also partnered with the State in our Treatment Foster Care Program to begin working with children on independent living skills at an earlier age and provide them with opportunities to explore secondary education and build vocational skills. LSS has also recently worked with a generous private donor to establish a college scholarship for children who are in, or have recently aged out of the Wisconsin child welfare system.

LSS has have worked with thousands of young adults aging out of the child welfare system in the past decade. We know from our experiences, these young adults have been through significant trauma and instability and face many challenges including difficulties in earning a high school diploma or GED, experiencing homelessness, and experiencing depression and physical health problems. Although, as I mentioned, great strides have recently been made to improve services to this population, the addition of tax credit assistance is greatly needed.

The State investment proposed under this Assembly Bill will provide greatly needed financial assistance to these young adults as they transition to adulthood. This assistance will ease their financial burden and allow them to focus on their continued healing, growth, and independence.

Thank you for your time and consideration.