

Proposed Tax Credit Would Reward Employers Who Hire Former Foster Youth



Courtesy iFoster Youth

Former foster youth connect with employers through the nonprofit iFoster's jobs program. A proposed federal bill encourages more employers to hire former foster youth by providing tax credits.

WASHINGTON — A proposed federal tax credit aims to encourage employers to hire former foster youth as they transition out of the child welfare system.

Under the bipartisan [Improving Employment Outcomes for Foster Youth Act](#) (HR 5947, S 3409), employers could receive an annual tax credit for hiring former foster youth between ages 18 and 27.

The goal is to broaden the pool of jobs available to former foster youth as they build independent lives. [Research](#) shows former foster youth are less likely to be employed and earn lower wages than their peers, including other low-income youth.

“Our foster children have endured hardships most kids never have to face and can be at a disadvantage when entering the job market. By giving them the tools to be independent, this bill helps provide foster youths with the opportunity to live productive and successful

lives,” said Rep. Dave Reichert, R-Washington, a co-sponsor of the House bill.

The bill would make foster youth an eligible population for the [Work Opportunity Tax Credit](#) (WOTC), which already includes groups such as veterans, former felons and recipients of some welfare programs.

Lawmakers introduced the bill in the waning days of the legislative session. Supporters are hopeful the measure could become part of a year-end tax deal that could include renewing provisions of the WOTC.

“This would be the perfect opportunity to expand it,” said Sean Hughes, a consultant who worked with the national nonprofit [iFoster](#) to push the legislation. The bill would apply to young adults who spent time in foster care at age 16 and older. Employers would be eligible to claim up to \$2,400 per year for hiring qualified youth.

The bill has its roots in a [jobs program](#) created by California-based iFoster, which provides an online platform connecting foster youth and their families to a variety of resources.

Two years ago, iFoster and the grocery industry in California launched a pilot program that provided former foster youth with job training and employment opportunities at local grocery stores.

The nonprofit provided former foster youth with support before they ever walked through the door for an interview, working through issues such as transportation, communication and background checks.

“We try to knock down all barriers before a kid has even applied,” said Serita Cox, iFoster’s co-founder and executive director.

In turn, the grocers gained a steady source of employees eager to work, in an industry plagued by high turnover rates.

Since then, the program has grown to include 12 employers across several industries. More than 150 youth have been hired, with a 90 percent retention rate after six months on the job, according to iFoster.

When iFoster sought employers’ advice on what would encourage them to hire even more former foster youth, they heard that employers didn’t want to deal with complicated programs that required lots of paperwork or interfered with union hiring rules. Instead, they pointed to the WOTC as an incentive they already used and would eagerly expand.

If the bill were to pass, employer participation alone won't make the difference for former foster youth, Cox said. Communities also would have to find ways to support youth as they transition into jobs.

To facilitate that process, iFoster plans to make its curriculum and technical assistance available to other communities throughout the country.

"The only way it can work is through a true public-private partnership and many agencies and companies and organizations coming together," Cox said.

Reichert and Reps. Jim McDermott, D-Washington; Lloyd Doggett, D-Texas; Danny Davis, D-Illinois; and Tom Reed, R-New York, introduced the bill in the House. Sen. Bob Casey, D-Pennsylvania, did so in the Senate.