April 1, 2015

The Honorable Chuck Grassley
Committee on Finance
United States Senate
Washington, DC 20510

The Honorable Mike Enzi
Committee on Finance
United States Senate
Washington, DC 20510

The Honorable Debbie Stabenow
Committee on Finance
United States Senate
Washington, DC 20510

Dear Senator Grassley, Senator Enzi, and Senator Stabenow:

On behalf of the Adoption Tax Credit Working Group (ATCWG), we appreciate this opportunity to provide comments to the Individual Income Tax Working Group (Working Group). The ATCWG is a national collaboration between more than 145 organizations united by our support and advocacy for the adoption tax credit, which plays an important role in encouraging adoption. The organizations that make up the ATCWG represent children and families from every sector of adoption, including U.S. foster care, domestic private, and international adoptions. With our broad representation and involvement in adoption policy and practice issues, we have a unique perspective on the role that the tax credit plays for Americans who adopt.

The ATCWG understands that there is bipartisan interest in simplifying the tax code. As the Working Group considers the best means of achieving this goal, we would urge you to consider the strong public policy rationale for the adoption tax credit and the bipartisan history and support for the credit that has existed since its inception. First enacted in 1996 as a part of the Small Business and Job Protection Act of 1996 (P.L. 104-188), the adoption tax credit advances the important goal of enabling domestic and international adoptions, especially for children with special needs who otherwise might linger in costly foster care, without the benefits and security of permanent, loving families. By offsetting some of the costs of adoption or of caring for a child with special needs, the tax credit makes adoption a more viable option for many children and families. Congress has always worked across the aisle to prioritize the continuation of the adoption tax credit, and we hope that the Working Group will once again recognize the value of the tax credit.

We applaud the Chairman and Ranking Member of the Senate Finance Committee for supporting revisions to the tax code that will strengthen the economy. The adoption tax credit does just this because, simply put, adoption saves our government money. A study conducted by Barth et al., and reported by the federal Children's Bureau, showed that the government saves between $65,000 and

$127,000 for each child who is adopted rather than placed in long-term foster care.[1] These savings accrue from reductions in the need for direct child welfare services (foster care and court oversight) and from the long-term societal benefits of adoption (increased graduation rates, reduced homelessness, and reduced incarceration). An extensive study by Nicholas Zill found that 81 percent of males in long-term foster care had been arrested compared with 17 percent of all young males nationally. Incarceration of former foster youth is estimated to cost society $5.1 billion annually.[2] Each year, 23,000 youth exit foster care without ever finding a permanent family to help them in the transition to adulthood.[3]

Children and youth deserve a permanent family, and while adoption certainly supports these children, it also benefits society broadly.[4] Adoption places children on a path to becoming more productive citizens. Research tells us that poor outcomes are common for youth who exit foster care without stable families. Studies of youth who "aged-out" of the foster care system without a permanent family found that: only 58 percent graduated high school by 19, one in four were involved in the justice system within two years after aging out of care, only 50 percent were employed by age 24, and 71 percent of young women were pregnant by age 21. Other studies comparing children who remain in foster care to children who are adopted have shown that: adopted children are 54 percent less likely to be delinquent or arrested, 19 percent less likely to become teen parents, and 76 percent more likely to be employed.[5]

When introducing the five Senate Finance Committee Working Groups, Chairman Hatch noted that the current tax system is "unfair" and any reforms proposed need to ensure there is "more opportunity for all Americans." Likewise, Ranking Member Wyden expressed his desire that the tax code help "typical Americans." The adoption tax credit meets the goals laid out by the Chairman and Ranking Member of the Senate Finance Committee.

As a collective group of diverse organizations, representing thousands of adoptive families across the country and waiting children, one of our goals is to preserve the adoption tax credit as a part of the individual tax code. As laid out above, the adoption tax credit supports families who desire to adopt and children who deserve a permanent family. However, we would be remiss if we did not bring to your attention the fairness that a refundable tax credit creates for American families. Some families will never be able to adopt without the benefit of the adoption tax credit. Others will adopt but will not benefit at all, which means they may face challenges meeting their children's needs, particularly children adopted from foster care with special needs. Over time, Congress has made a series of improvements to the adoption tax credit, the vast majority of which were aimed at addressing the low percentage of claimants who adopted from foster care. Preliminary data shows that for the first time in the credit's history, due in large part to the credit being refundable in 2010 and 2011, families who adopted children with special needs from foster care were able to benefit like other adoptive families. While we understand the complex budget and tax issues at hand, failure to maintain this progress will undoubtedly result in more children remaining in foster care rather than moving into families.

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[1] R. P. Barth, C. K. Lee, J. Wildfire, and S. Guo, *"A Comparison of the Governmental Costs of Long-Term Foster Care and Adoption,"* Social Service Review (March 2006). Retrieved April 11, 2013, from: https://cbexpress.acf.hhs.gov/index.cfm?event=website.viewPrinterFriendlyArticle&articleID=1183.

[2] Zill, Nicholas. (2011). Adoption from Foster Care: Aiding Children While Saving Public Money. Brookings Institute Center on Children and Families. Retrieved from http://www.brookings.edu/~/media/research/files/reports/2011/5/adoption%20foster%20care%20zill/05_adoption_foster_care_zill.pdf.

[3] The AFCARS Report: Preliminary FY 2013 Estimates as of July 2014 Data. *U.S. Department of Health and Human Services: Administration for Children and Families*. Adoption and Foster Care Analysis and Reporting System, Retrieved April 1, 2015, from: https://www.acf.hhs.gov/sites/default/files/cb/afcarsreport21.pdf.

[4] Jim Casey Youth Opportunities Initiative. (n.d.). Retrieved February 3, 2015, from http://www.jimcaseyyouth.org/.

[5] Fixsen, A. (2011). Children in Foster Care Societal and Financial Costs. *A Family for Every Child*. Retrieved from http://www.afamilyforeverychild.org/Adoption/AFFECreportonchildreninfostercare.pdf.

As your Working Group develops recommendations to reform and modernize the Internal Revenue Code as it relates to individuals, we hope that you will consider the ATCWG as a resource for information related to the adoption tax credit. As a group, we have years of adoption experience and a comprehensive understanding of how the adoption tax credit is utilized by families and the benefits it offers children. We would be pleased to provide any additional information that might be useful as the Working Group continues its discussions. Thank you for the opportunity to provide our comments.

Sincerely,

The Adoption Tax Credit Working Group Executive Committee:

American Academy of Adoption Attorneys
Adopt America Network
Christian Alliance for Orphans
Congressional Coalition on Adoption Institute (Secretariat)
Dave Thomas Foundation for Adoption
Donaldson Adoption Institute
Joint Council on International Children's Services
National Council for Adoption
North American Council on Adoptable Children
RESOLVE: The National Infertility Association
Show Hope
Voice for Adoption

The Adoption Tax Credit Working Group:

Adoption STAR	Amherst, NY
Youth Villages, Inc.	Arlington, VA
Georgia Association of Licensed Adoption Agencies	Atlanta, GA
Illien Adoptions International, Inc.	Atlanta, GA
Georgia Council of Adoption Lawyers	Atlanta, GA
The Adoption Exchange	Aurora, CO
Catholic Charities of the Diocese of Baton Rouge	Baton Rouge, LA
Family Enrichment Center	Battle Creek, MI
Global Adoption Services, Inc.	Bel Air, MD
Villa Hope	Birmingham, AL
Lifeline Children's Services, Inc.	Birmingham, AL
Sunny Ridge Family Center	Bolingbrook, IL
The Sylvia Thomas Center for Adoptive and Foster Families	Brandon FL
The Adoption Consultancy	Brandon, FL
Foster Parents Association of Washington State	Bremerton, WA
Creating a Family	Brevard, NC
NYSCCC	Brooklyn, NY
Adoption ARK, Inc.	Buffalo Grove, IL

Minnesota Foster Care Association	Burnsville, MN
Foster Parents Association of Washington State	Centralia, WA
Family Resource Center	Chicago, IL
Golden Cradle Adoption Services	Cherry Hill, NJ
Law Office of Barbara Thornell Ginn	Cincinnati, OH
National Down Syndrome Adoption Network	Cincinnati, OH
National Center for Adoption Law and Policy	Columbus, OH
Alabama Foster & Adoptive Parent Association	Cullman, AL
Caring for Kids, Inc.	Cuyahoga Falls, OH
Buckner International	Dallas, TX
Crossroads Adoption Services	Edina, MN
Resources4adoption.com	Eudora, KS
Holt International Children's Services	Eugene, OR
Adoption Learning Partners	Evanston, IL
The Cradle	Evanston, IL
Families Thru International Adoption	Evansville, IN
The Barker Foundation	Falls Church, VA
Children's House International	Ferndale, WA
Gladney Center for Adoption	Fort Worth, TX
One Church One Child of North/North Central Texas Inc	Fort Worth, TX
Bethany Christian Services	Grand Rapids, MI
Carolina Adoption Services, Inc	Greensboro, NC
Lifesong for Orphans	Gridley, IL
Together as Adoptive Parents, Inc	Harleysville, PA
RainbowKids.com Adoption Advocacy	Harvey, LA
Hopscotch Adoptions, Inc.	High Point, NC
Journeys of the Heart Adoption Services	Hillsboro, OR
Florida State Foster/Adoptive Parent Association	Hollywood, FL
ACT (Adoption in Child Time)	Indianapolis, IN
MLJ Adoptions	Indianapolis, IN
Adoption Associates, Inc.	Jenison, MI
Baker Victory Services	Lackawanna, NY
Alpine Adoption, Inc.	Lakewood, CO
Pinellas County Foster and Adoptive Parent Association	Largo, FL
Nebraska Foster and Adoptive Parent Association	Lincoln, NE
Family Focus Adoption Services	Little Neck, NY
Project 1.27	Littleton, CO
Bal Jagat - Children's World Inc	Long Beach, CA
AdoptFund, Inc.	Los Angeles, CA
La Vida International	Malvern, PA
Christian Adoption Services, Inc.	Matthews, NC
Friends in Adoption	Middletown Springs, VT
Lutheran Social Services of Wisconsin and Upper Michigan, Inc	Milwaukee, WI

National Foster Parent Association	Minneapolis, MN
My Adoption Advisor, LLC	Minnetonka, MN
Family Connections Christian Adoptions	Modesto, CA
Bay Area Adoption Services	Mountain View, CA
Michigan Association for Foster, Adoptive, and Kinship Parents	Mt. Clemens, MI
Miriam's Promise	Nashville, TN
Tuscarawas County Job and Family Services	New Philadelphia, OH
Spence-Chapin	New York, NY
Adoptive Parents Committee Inc	New York, NY
USAdopt, LLC	New York, NY
Adoptive Families magazine	New York, NY
Helpusadopt.org	New York, NY
New Hope for Children	Newmarket, NH
Foster Family-based Treatment Association	Norman, OK
A Red Thread Adoption Services, Inc.	Norwood, MA
Pact, An Adoption Alliance	Oakland, CA
AASK - Adopt A Special Kid	Oakland, CA
Christian Family Services of the Midwest, Inc.	Overland Park, KS
Adoption & Beyond, Inc.	Overland Park, KS
American Adoptions	Overland Park, KS
All Blessings International, Inc.	Owensboro, KY
Adoption Law Group	Pasadena, CA
Beacon House Adoption Services, Inc	Pensacola, FL
Welcome House Adoption Program of Pearl S Buck International	Perkasie, PA
Texas Foster Family Association	Pflugerville, TX
The Sparrow Fund	Phoenixville, PA
Three Rivers Adoption Council	Pittsburgh, PA
Broward Foster & Adoptive Parent Association	Plantation, FL
Independent Adoption Center	Pleasant Hill, CA
Angels' Haven Outreach	Pleasant Hill, CA
Across The World Adoptions	Pleasant Hill, CA
Iowa Foster and Adoptive Parents Association	Pleasant Hill, IA
European Children Adoption Services	Plymouth, MN
Adoption Advocates International	Port Angeles, WA
SPOON Foundation	Portland, OR
Oregon Post Adoption Resource Center	Portland, OR
All God's Children International	Portland, OR
Idaho Foster and Adoptive Parents Association	Post Falls, ID
About A Child	Redwood City, CA
Ashcraft Franklin Young & Peters, LLP	Rochester, NY
Lutheran Social Services of New England	Rocky Hill, CT
CT Assoc. of Foster and Adoptive Parents	Rocky Hill, CT
Forever Families Through Adoption, Inc.	Rye Brook, NY

Michael S. Goldstein, Esq., LCSW	Rye Brook, NY
Sierra Forever Families	Sacramento, CA
Dillon Southwest	Scottsdale, AZ
WACAP (World Association for Children and Parents)	Seattle, WA
Families Like Ours, Inc.	Seattle, WA
Amara	Seattle, WA
Adoptions Together	Silver Spring, MD
Children's Hope International	St. Louis, MO
Children's Home Society & Family Services	St. Paul, MN
European Adoption Consultants, Inc	Strongsville, OH
A Chosen Child Adoption Services	Summerville, SC
Agape Adoptions	Sumner, WA
Jewish Adoption and Foster Care Options (JAFCO)	Sunrise, FL
Spirit of Faith Adoptions	Sylvania, OH
Faith International Adoptions	Tacoma, WA
Americans for International Aid and Adoption	Troy, MI
Dillon International, Inc.	Tulsa, OK
New Beginnings International Children's and Family Services	Tupelo, MS
Generations Adoptions	Waco, TX
Partners for Adoption	Walnut Creek, CA
Wide Horizons For Children	Waltham, MA
Families for Private Adoption	Washington, DC
Lutheran Services in America	Washington, DC
Family & Youth Initiative	Washington, DC
Child Welfare League of America (CWLA)	Washington, DC
Youthville	Wichita, KS
Children at Heart Adoption Services, Inc.	Wilmington, NC
Fostering Families Today	Windsor, CO
Adoption Today	Windsor, CO