



Please Help Make the Adoption Tax Credit Refundable

What is the adoption tax credit?

The adoption tax credit (ATC) provides financial benefits to families that open their homes to children through adoption from foster care, intercountry adoption, or private domestic adoption.

The ATC has helped offset the high cost of adoption for hundreds of thousands of families since it was established in 1997. *Parents who adopted a child who has been determined to be special needs by the state or county child welfare agency can claim the maximum credit regardless of whether they have qualified adoption expenses at all.* A special needs adoption is one that has been determined that the child is not likely to be adopted unless the government provides assistance to the adoptive family, a determination used almost exclusively for foster children. Approximately 90% of foster children are considered special needs in relation to the ATC.

How will making the adoption tax credit refundable help families?

Right now the credit disadvantages low and middle income families and may prevent them from adopting children who need a family. Adoptive families who have low or moderate incomes receive no benefit or partial benefit from the non-refundable ATC. Families with annual incomes between \$30,000 and \$50,000 could only claim on average \$1,148 of the credit annually. Thus, most of the benefit of the adoption tax credit goes to families making \$100,000 or more per year, for they have a higher tax liability.

Passing the Adoption Tax Credit Refundability Act would reinstate the refundable provision, which was in place in 2010 and 2011. This would allow all eligible families, no matter what their income level, to receive this benefit. It will encourage adoptions, particularly from foster care, and that will help ensure more children have the permanent, loving family they need.

What is the cost savings associated with the adoption of children?

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. Studies have shown that youth who are adopted are more likely to be contributing members of society. When compared to their peers who age out of care, adopted youth are more likely to complete college, be employed and earn adequate income.

Who are adoptive families?

Although adoptive families vary, 62% of adopted children are adopted by lower and middle income taxpayers. Almost half of children adopted from care live in families with household incomes at or below 200% of the federal poverty level. In Hawai'i, that would be a family of 3 living on \$46,220 a year.

How can you help?

Please call your two Senators and your Representative to ask them to protect the adoption tax credit and make it refundable by becoming cosponsors of the Adoption Tax Credit Refundability Act. On the Senate side, ask them to become co-sponsors of S. 950. On the House side, the bill number is H.R. 2434.

Senator Mazie Hirono – Phone: (202) 224-6361

Senator Brian Schatz – Phone: (202) 224-3934

Find your representative here: <http://www.house.gov/representatives/find/>

Important Tips

- Be sure to say, “I am a constituent.”
- If you’re calling, ask for the staff person that handles tax issues or adoption-related issues for the office. If no one is available, leave a detailed message with contact information.
- Be direct in your request: “I want my member of Congress to support a refundable adoption tax credit.”
- Make it relevant. Share your personal adoption experience and explain why the refundable adoption tax credit is important.
- For a sample script, go to <http://adoptiontaxcredit.org/advocate/sample-script>

Surveys show that when 20 or more constituents call a national legislator office about the same issue, that issue jumps up to a high priority for the legislator. Please add your voice to the needs of families who help make the world a better place by adopting children from foster care!

Learn more here: <http://adoptiontaxcredit.org>



www.familyprogramshawaii.org

www.ittakesanohana.org

