



FACT SHEET

AB 47 (Ma & Niello)

Foster Care Adoption Tax Credit Act of 2009

As amended 3/5/2009

Summary: Assembly Bill 47 will adjust a tax credit that is currently available to offset the cost of adoption of older foster youth or youth who were in a group home.

Background: In 1996, the Federal Adoption Initiative, which increased federal funding for adoption services, resulted in the increase of adoption activity. California's annual completed adoptions tripled within 4 years. In 2004, older youth adoptions rose to a peak of 12%.

In October 2008, Congress approved House Resolution (HR) 6893 to improve foster care and adoption services. Title IV(c)(2) of that legislation doubled the amount of federal monetary incentives states receive for completed older foster youth adoptions. AB 47 is a direct response to that increased incentive.

California's Revenue and Taxation §17052.25 establishes a tax credit toward the costs associated with the adoption of a foster youth. Adoptive parents would be credited at a rate of 50% of direct cost incurred for medical fees, transportation and other such costs associated with adoption not to exceed \$2,500 per minor child. The credit applies to the net tax and carries over to reduce the net tax of following years until the credit has been exhausted.

Problem: At any given time, 30,000-35,000 (43%) of the youth in California's foster care system are 12 or older. Out of the near 8,000 foster children who were adopted in 2006, less than 900 (11%) were 12 or older. As a foster youth gets older, it is less likely for them to be placed into a permanent home and is more likely for them to be placed in an expensive group home.

Out of the near 5,000 youth who age out of the foster care system annually, 60% were in foster care for at least 3 years, exiting the system to tragic results. 50% of all youth who age out of the foster care system will either be incarcerated, homeless or dead within a year of their emancipation date.

California also runs the risk of being fined by the federal government for not meeting adoption improvement percentages as set out in the Federal Child and Family Services Review. In the 2002 review, the state was fined \$8.9 million. The projected 2008 review estimates a fine as high as \$80-90 million.

Solution: AB 47 will take advantage of HR 6893 by increasing the incentive to adopt an older foster youth. Keeping in mind that the state will receive more funding for completed older youth adoptions, AB 47 will adjust an established tax credit in order to capture more federal funding.

§17052.25 of the California Revenue and Taxation code would be amended to include provisions allowing up parents to be reimbursed to a total not to exceed \$5,000 so long as the adoptee is one of the following: (1) Age 12 or older at the time of adoption (2) The adoptee was placed in a group home or residential treatment facility for a period of six-months during the 18-months preceding the completed adoption.

AB 47 will confirm California's commitment to meet the needs of the foster care population, such as the placement of older foster youth in adoptive homes. The state has a chance to improve outcomes for its most vulnerable. AB 47 will provide additional support to those who are willing to open their hearts and homes to such youth.

Fiscal: Awaiting estimates from the FTB

Sponsors: CWDA and the John Burton Foundation for Children without Homes

Support: AFSCME, CA Coalition of Foster Family Agencies, CA Alliance of Child and Family Services, CSAC, SEIU, Youth Law Center

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