

Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. list	Minimum Wage Bill Signing Adoption Advocates [Personally Identifiable Information] (partial) (3 pages)	05/00/1996	b(6)
002. memo	Kim [Widdes] to Nicole [Rabner] re Minimum Wage Signing [Personally Identifiable Information] (partial) (1 page)	05/00/1996	b(6)
003. memo	Carolyn Johnson to Nicole Rabner re White House Visit (2 pages)	08/16/1996	b(6)

COLLECTION:

Clinton Presidential Records
First Lady's Office
Jennifer Klein
OA/Box Number: 13525

FOLDER TITLE:

Adoption - Tax Credit/Ethnic Legislation [1]

2014-0536-S

kc1452

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

TO: Carol Rasco
Jeremy Ben-Ami

FROM: Diana Fortuna *DF*

CC: Elizabeth Drye
Jen Klein ✓

DATE: April 29, 1996

Bruce Reed asked me for a reaction to some ideas in a summary of Senator Coats' bill on an adoption tax credit, and I sent him the attached memo last Friday. I think he is interested in moving on something like this.



The Adoption Assistance Act

Over the past 25 years, there has been a dramatic increase in the number of children born out of wedlock, children being raised by single parents, families on welfare, and children entering the foster care system because of abuse, neglect, or abandonment. Family disintegration is widespread. Yet there also has been a sharp decrease in the number of children being adopted, with formal adoptions dropping by almost 50 percent: from 89,000 in 1970 to a fairly constant 50,000 annually throughout

the 1980s into the 1990s.

One key reason is cost. The costs of adoption are often prohibitive, especially for working class families. The average cost of an adoption is \$14,000 and it is not uncommon for this figure to reach upwards of \$25,000. Often this includes prenatal care for the birthmother and child, counseling for the adoptive family, and legal fees.

The federal government should support parents, whether they choose to have children on their own or adopt them. There is currently inequity in the tax system. While certain health care costs related to the conception, delivery and birth of a child may be deducted as medical expenses, no similar relief is available for adoptive families. In addition, in an adoption, medical expenses related to the child's birth are not covered by the (adoptive) parents' health insurance, but are paid for out-of-pocket.

Money should not be the primary criterion for selecting a family for a child. Adoption is assistance to children of parents who find themselves unable or unwilling to care for them. Every child available for adoption is a child with a special need for a loving home.

"The Adoption Assistance Act" embodies the idea that providing tax breaks for adoptions today will have the positive effect of reducing the number of children in need of foster care tomorrow.

- An estimated one to two million prospective parents are still waiting to adopt a child.
- Close to 37,000 children with special needs are legally free and waiting for adoption in the United States.
- The national out-of-wedlock birthrate may reach 40 percent by the year 2000. Yet in 1991, only 4 percent of children born out-of-wedlock were adopted. This is down from 25 percent in 1971.

This legislation would:

- Offer a \$5,000 refundable targeted tax credit for adoption, available in full to families earning less than \$60,000 and in part to families earning between \$60,000 and \$100,000.
- Provide up to \$2,000 in assistance for Federal employees to help with the costs directly related to adopting a child.
- Exclude employer provided adoption assistance from taxation.

"For every child who is ready for a permanent home, there are families waiting. It is time to shatter the myth that adoptive parents are interested only in 'healthy white babies.' There are waiting lists to adopt white children, black children, Hispanic children, infants and teens, children with Down's syndrome and with AIDS. Private agencies for years have found families for all types of children. The National Adoption Center maintains a computerized listing of 650 qualified families waiting to embrace disabled 'older' children. The center reports that infants, even the most severely disabled, are adopted almost immediately. Clearly, the barriers to adoption are neither the characteristics of children who wait nor the parents who want to care for them."

-- Conna Craig, Policy Review, 1995

"Tax fairness for adoptive families is long overdue, and Senator Coats' approach certainly meets with our approval. We are particularly pleased to see his bill combine the best of the tax credit approaches with the best of the employee benefits plans. This will empower individuals and families who want to adopt, reduce bureaucracy and encourage more employers to grant adoptive families benefits similar to those they extend to people who add children to their family through childbirth. At the same time, the tax package will help reduce the numbers of children in the foster care system. What a bargain for taxpayers!"

-- National Council for Adoption

Very practical
not open records
KTL

Eric Toder 622-0120
1600... DAS

Congr Coalition - KTL / 11/11/95

no in...

✱

?

Bill Bantz 622-1352
benefits

TO: Bruce Reed
FROM: Diana Fortuna *Diana*
DATE: April 26, 1996

Here is what I've found on Senator Coats' ideas on adoption assistance.

Coats' ideas are not so much great alternatives to a tax credit as they are rationales for a tax credit. The parity issues Coats raises are more relevant to middle-class private adoptions of babies than to adoption of special needs children from public agencies. (Special needs means minority, disabled, or older children or sibling groups from the public system.) However, his proposed solution of a tax credit would benefit both private and public adoptions.

I am also attaching a Treasury memo on the adoption tax credit that was apparently written in response to the President's expression of interest in this subject during the budget negotiations last winter. This memo raises some concerns about a credit, and recommends limiting it to special needs children and public agency adoptions, or else making it smaller. But I don't think Treasury would vehemently oppose a broader credit. (You may have a better sense of this than I do.)

General Thoughts on a Tax Credit: Putting aside concerns about the budget and cluttering up the tax code, a tax credit is a fairly good idea. For private adoptions, it would address the issue of parity with the costs of having biological children. For public adoptions, it would encourage adoption of special needs children and direct assistance to the lower-income families who are most likely to adopt them.

The argument in favor of limiting a tax credit to special needs adoptions is that we don't need to encourage private adoptions (where there is a shortage of kids), and we do need to encourage special needs adoption (where there is a shortage of adoptive families). However, it is in the private adoption world where families face tremendous out-of-pocket costs for lawyers, agency fees, and medical costs for the birth and birth mother. Families adopting IV-E children get maintenance payments, Medicaid, are eligible for a special IV-E reimbursement of up to \$2,000 of non-recurring adoption expenses, probably don't have to hire a lawyer, and don't pay agency fees.

So I think there is a decent argument that it should not be limited to special needs (other than the hit on the budget).

Other issues include whether a tax credit ~~it~~ should include international adoptions (probably yes, in the interests of broad appeal); whether it should be a refundable credit, which would benefit lower-income families more (probably yes, to encourage special needs adoptions); and whether costs already reimbursed through government programs should be eligible for the credit (probably not, for fiscal integrity reasons).

As you know, the tax credit has become identified as a Republican idea. Democrats have floated bills that would allow tax-free IRA withdrawals for adoption costs or require employers to grant leave benefits to employees who adopt, but are avoiding the tax credit, even though it is the simplest and most appealing idea.

Senator Coats' Adoption Issues:

1. Coats' summary says, "While certain health care costs related to the conception, delivery, and birth of a child may be deducted as medical expenses, no similar relief is available for adoptive families."

This simply refers to the feature of U.S. tax law that allows medical costs that exceed a certain percentage of income to be deducted. Most of us don't take advantage of this because our out-of-pocket costs aren't high enough.

Presumably Coats is referring to a situation common in private adoptions of babies, where an adoptive family agrees to foot the bill for prenatal, birth, and postnatal costs. His proposed solution is a tax credit, rather than making these costs deductible. Treasury could take a look at which approach is better from a tax policy perspective.

(It is possible that Coats is referring to attorney and agency fees, saying they are analogous to birth costs. A capped tax credit would be the best option here, since you wouldn't want to encourage higher fees by making them deductible.)

2. Coats' summary says, "In addition, in an adoption, medical expenses related to the child's birth are not covered by the (adoptive) parents' health insurance, but are paid for out-of-pocket."

This is really a restatement of the previous item, pointing out that these costs are neither deductible nor covered by private health insurance. Coats' solution to this is a tax credit.

An alternative is to force private health insurance policies to cover maternity costs for adoptive families as if the adoptive mother were the birth mother. Arizona is the only state that requires this. Presumably, however, it would be easier for us to get a tax credit enacted than a new requirement on private insurance companies.

One improvement took place through a 1993 change to ERISA that requires employer-provided health plans to cover adopted children at the time the family takes responsibility for the child -- presumably right after birth in these types of cases. So families do not have to wait for the adoption to be formally complete before the child is added to their health insurance (assuming they are covered by an ERISA plan, which most people are). However, the birth and prenatal care remain uncovered.

3. Coats' summary says, "Exclude employer provided adoption assistance from taxation."

More and more companies are offering a lump sum of \$2,000 in assistance for families who adopt. Dave Thomas and the Wendy's Foundation are pushing this. Coats would exclude this from taxation. I'm not sure whether it would also be deductible for the employer.

It would be awkward for us to propose this without also agreeing that the Federal government should offer this benefit to its employees. Coats proposes to do this. I don't know how feasible this would be for us.

cc: Jeremy Ben-Ami

January 5, 1996

MEMORANDUM FOR PRESIDENT CLINTON

FROM LESLIE B. SAMUELS

THROUGH SECRETARY ROBERT E. RUBIN

SUBJECT: ADOPTION TAX CREDITS: BACKGROUND AND ALTERNATIVES

The Balanced Budget Act (BBA) includes a tax credit for adoptions. It would provide a 100% non-refundable credit for the first \$5,000 per child of eligible adoption-related expenditures (including expenditures that are reimbursed by the states for "special needs" adoptions). No credit would be allowed for step-parent adoptions; and the credit would be phased out between \$75,000 and \$115,000 of AGI. JCT estimates that the BBA adoption proposal would cost \$1,945 million over FY1996-FY2002, and \$2,960 million over FY1996-FY2005.

We have significant concerns about the BBA adoption credit. The following policy issues are presented for your consideration as well as two possible proposals which we believe represent better tax policy than the BBA provision.

- o The number of people seeking to adopt non-special needs children exceeds by several times the number of such children available for adoption. Conversely, there is a shortage of adopters for "special needs" and similar children.
- o Adoption assistance should be targeted. Adoption assistance is best targeted when provided through outlay programs. Adoption tax relief provides windfall benefits to those who would undertake adoptions anyway but does not provide sufficient incentives for lower income families to undertake adoptions.
 - This is particularly true for "special needs" adoptions which are undertaken predominately by foster parents (typically lower- and middle-income families) who are already providing homes for these hard-to-place potential adoptees.
 - A refundable tax credit would be of more benefit to lower income families for whom the incentive created by tax relief would be greatest. However, refundable credits raise significant compliance problems.
- o A tax credit should not be for 100% of expenses. A 100% credit is essentially a direct expenditure program. It would encourage increases in adoption fees and costs, since they will be reimbursed through the 100% credit. A 100% credit also presents compliance and enforcement problems.

*but cap is \$5K,
+ current ave.
cost is \$14K*
- o A tax benefit should not be allowed for reimbursed expenses. This "double dipping" would encourage unnecessary increases in expenditures so that costs currently borne by states or private agencies would be shifted to the Federal government. This is particularly true for "special needs" adoptions where government programs currently absorb most of the costs.
- o For "special needs" adoptions, the real need is for continuing long-term assistance, such as medical benefits which could be provided by automatic eligibility for Medicaid.

Option 1: Target Credit to "Special Needs" Adoptions.

The credit would be restricted to expenditures for "special needs" adoptions, and no credit would be allowed for reimbursed expenditures. The credit would be 50% of the first \$5,000 of eligible expenditures. With the same income phase out range as in BBA, the cost of this option is \$58 million over FY1996-FY2002, and \$88 million over FY1996-FY2005.

By targeting "special needs" adoptions and addressing some of the concerns mentioned above, we believe that this option would be good tax policy and would encourage "special needs" adoptions that would not otherwise occur.

Option 2 - Reduce Maximum Credit to \$2,000 as mentioned by Senator Dole.

The credit would be 50% of the first \$4,000 per child of eligible adoption expenditures, and would not cover reimbursed expenditures. With the same income phase out range as in BBA, the cost of this option is \$723 million over FY1996-FY2002, and \$1,096 million over FY1996-FY2005.

Option 2 is far more liberal than Option 1, but by providing only a 50% credit rate and eliminating double-dipping, it eliminates the main objections to the BBA provision.

cc: Laura Tyson

ADOPTION SERVICES, INC.

A Division of

**Catholic Social Services
Diocese of Little Rock**

2415 North Tyler, Little Rock, Arkansas 72207 (501) 664-0340

August 29, 1995

*of possible
interest*

First Lady Hillary Rodham Clinton
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mrs. Clinton,

I want to tell you what a privilege it is for me to have the opportunity to give you feedback about your new column and about transracial adoption. It has been difficult for me to start this letter. I really wanted to write you but it is easy to get intimidated with your very official status. I needed to remember instead that you are Connie's great friend and a true supporter of adoption. Their family story is my favorite example of ecumenical cooperation--Kate is from a Bhuddist country and was adopted by a Jewish family with the help of a Catholic agency and a Presbyterian social worker! This is the way it is supposed to work for the best interests of the child.

Your columns have really helped me to be able to relate to you personally. I identify with so much of what you are writing about. I have been a professional working mother and a single parent. Your impassioned support of adoption was very meaningful to me as the Director of Catholic Adoption Services. I was so insulted and angry with John Brummett's column disparaging you and your column. I had not read his awful column until Connie told me about it. I will not read him again.

I have been the director of Catholic Adoption Services for almost nine years now. This has been the best and the most challenging position I have ever had. Everyone thinks of the thrill of a new baby being placed with an overjoyed family. Indeed, there is nothing like that incredible experience. But there is also a tremendous sense of responsibility for the well-being of these precious children entrusted to our care by the birth parents experiencing a problem pregnancy. We take this responsibility very seriously. One of the biggest challenges we face is finding Black homes for the wonderful Black children we have who are awaiting adoption. We always have very fine Caucasian families waiting for the privilege of adopting Black children. We have been involved with transracial adoptions for ten years and I know that they are a marvelous success! I have seen the happy families and the secure well-loved children.

As an agency, we are very supportive of legislation on both the state and federal level that is also supportive of transracial adoption. We were hopeful with the enactment of the Metzenbaum Law

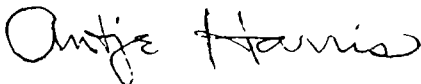
that the way would be paved for this facilitation. I believe that this law was a good beginning especially in its earlier form. Our concern is with certain amendments that appear to have watered down the original intent. I have enclosed a copy of the law as enacted. The words "categorically" and "solely" could leave room for misinterpretation. The requirement for diligent search for minority foster and adoptive parents could also be used to justify a delay in placement. We are determined that we will place a child for adoption as quickly as possible. Research shows that it is the lack of a permanent home and an extended stay in foster care that causes the damage and not being placed in a loving home of another color.

In defense of the Multi-Ethnic Placement Act of 1994, it is a valuable place to start--and there is no better place to start than at home in Arkansas. Recently I was informed by an attorney with the office of Chief Counsel with the Arkansas Department of Human Services that our Arkansas Law 9-9-102 was found to be out of compliance with the Metzenbaum Law. Our Arkansas state law 9-9-102 is an embarrassment and a source of grave injustice for children, especially those who wait for months and even years in the care of DHS's Department of Children and Family Services. We are also concerned about this law being used by some chancery judges to apply to private, agency and even international adoptions. One local judge tried recently to apply this law to the adoption of a Thai child by an Arkansas family. Fortunately the judge was unsuccessful.

The Contract for America, with all its potential abuses toward children and families, did contain a section regarding support for transracial adoptions. This as you know has passed the House and a Senate version called the McCain Bill is being considered. I have been informed by Cassie Statuto Bevan of the National Council for Adoption that this version has been supported by Metzenbaum himself and that it contains the original positive wording that he had intended. We are also looking at a very good law passed by Texas in May of this year as a replacement for our deplorable Arkansas law. I am including copies of these bills and also several articles regarding transracial adoption for your consideration.

I really appreciate your deep concern for these issues that mean so very much to me. I would be glad to be available for further feedback on this subject and other adoption related issues. I am especially pleased that you are going to be able to attend the Women's Conference in China. Adoption Services is working very hard with both Holt and Dillon International to place baby girls from China with wonderful Arkansas families. Also--I hope you had a great vacation!

With very best wishes,



Antje Harris, LSW
Director of Adoption Services
Catholic Adoption Services



April 28, 1995

Donna Shalala, Secretary
Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Secretary Shalala:

We appreciate being invited to the briefing that was held by the Administration for Children and Families and the Office for Civil Rights of the DHHS regarding the issuance of Departmental Guidance pursuant to the Multiethnic Placement Act of 1994. We also appreciate the opportunity to present questions for clarification of the Guidance as a follow-up to our preliminary discussions at the briefing. This information has been useful not only in our discussions with our membership but also with the media and others who have questions about the implementation of the Matzenbaum legislation.

As we stated at the briefing, the National Council For Adoption appreciates the work that the Department has done in developing the Guidance, but believes that there are some areas within the Guidance which are unclear or insufficient to assure that race, color and national origin do not adversely affect a child's opportunity to have a permanent family. We are in the process of polling our membership to determine their reaction to the Guidance, but we wanted to continue the discussion process HHS initiated by sharing additional questions and reactions so that, based on your responses, we will have more information to provide our members. We address each issue as it arises in the Fact Sheet and Guidance.

1. We are concerned that the description in the Fact Sheet and the discussion in the Guidance of "children MEPA is designed to help" is more narrow than the statute. The Fact Sheet and Guidance focus on children for whom an adoption plan has been or will be made. MEPA clearly states that race, color or national origin cannot be used in a "placement decision". "Placement decision" was intended to mean any part of the decision-making process about foster care or adoption placement. In other words, an agency could not make a decision about whether a child should remain at home or enter foster care based on race, color or national origin. There have been cases where children who should have been removed from home were not removed because there were no matching race families available.

For instance, the Fact Sheet claims that of the children MEPA is designed to help, "few are infants. In 1990, approximately 4%

were under one year old...." It is accurate that only 4% of the children awaiting adoption were under one year old; however, HHS also reported 22,000 infants abandoned or "boarder babies" in 1991. Less than 10 percent of those children had an adoption plan even though returning to their birthparents was not the plan for the vast majority. Did race play a factor in these children being denied an adoption plan? It is this discrimination in the provision of an array of services that results in children not getting equal treatment under the law. MEPA is intended to benefit all children who come into contact with the child welfare system, not only those children who have or will have an adoption plan.

We are concerned that the HHS Fact Sheet, Guidance and some of the responses given at the briefing would limit the effect of MEPA and support that HHS does not intend to enforce the full scope of the law. The Guidance does mention on page 4 that "these prohibitions also apply to the failure to seek termination of parental rights or otherwise make a child legally available for adoption" and on page 10 says "that statutes or policies which otherwise have the effect of delaying placements, either before or after termination of parental rights..." would violate MEPA or Title VI. However, those references do not spell out that race, color and national origin cannot be used in making decisions about whether a child will be left at home, placed in foster care or freed for adoption. Further, it is not operationalized in the Guidance since there is no monitoring mechanism. How does HHS intend to respond to this issue and monitor the decision-making at all levels of the child welfare system to assure that race is not being used?

2. At the briefing, in response to our question of how long a delay in placement would be tolerated, staff from OCR stated "no delay" but Michael Wald added that delay is an inevitable problem in the placement of all children for adoption. On page 7 of the Guidance, it is stated that "the average wait may be as long as two years after the time that a child is legally free for adoption". Further, on page 7, the Guidance states, "[the legislation] focuses on the possibility that policies with respect to matching children with families of the same race, culture, or ethnicity may result in delaying, or even preventing, the adoption of children with qualified families. (emphasis added)" There is considerable evidence and it was a finding of MEPA that race matching policies do delay and prevent the adoption of children, yet it appears that HHS is not convinced that race is a factor in delays. The previous discussion, implying that all adoptions experience delays, makes it questionable whether HHS will be able to enforce MEPA which prohibits delay caused by policies related to race, color or national origin. How does HHS plan to overcome this problem and assure that any delay is caused by legitimate factors and that

race is not the cause of continuing delays?

3. The Guidance does not address the issue of continuity of care for children, i.e., encouraging their adoption by foster parents when there is an established relationship. In fact, the Guidance appears not to encourage continuity of care. On page 8 of the Guidance, it is stated that states have different goals for foster families and adoptive families. One of the most common abuses in the system today is that agencies deny foster parents the right to adopt children they have provided care to for years. The excuse by the agency is "we approved you as a foster parent, but not as an adoptive parent." The response is "if I am not qualified to parent this child, how could you license me as a foster parent." Many complaints are brought by foster parents who seek to adopt the children who have joined their families. The discussion in the Guidance appears to provide agencies an excuse to deny adoption to these families.

And on page 11, in footnote 2, there is a discussion of "child-related factors" to be considered in a placement. While this list is not prioritized, most people in reading any list prioritize it from top to bottom. On the list, "the child's attachments to current caretakers" is last. From a child's perspective, it should be number one, and it certainly should be given precedence over "the child's interests and talents."

How will HHS address this problem of removing children from acceptable foster families who are willing to adopt them? How will HHS prevent the growing problem of returning children who have adoption plans, to birthparents for "family preservation" after a foster family of another race has requested to adopt the child.

4. HHS staff at the briefing stated that they do not yet have plans for reviewing practices which violate Title VI or MEPA, but that the focus at this point is on statute and policies. On page 10 of the Guidance a list of "statutes or policies" which violate MEPA or Title VI are included. Current complaints often focus on the practices of a social worker or department, rather than the policies. It is imperative that practices are scrutinized if true enforcement of MEPA is to occur. At what point will HHS begin a monitoring system to prohibit "practices" which violate MEPA or Title VI?

5. The permissible considerations included in MEPA reflect the flaws in the underlying legislation, as amended. MEPA allows agencies to consider "the child's cultural, ethnic, and racial background and the capacity of prospective foster and adoptive parents to meet the needs of a child of this background." This is a very subjective determination and the Guidance gives little assistance to agencies on how to determine "the capacity of

prospective foster and adoptive parents to meet the needs of a child of this background." There is much discussion on page 11 of the home study process which applies to all children and all adoptions. The Guidance allows agencies to discuss with parents "their feelings, capacities and preferences regarding caring for a child of a particular race or ethnicity." If the parents have negative feelings, etc., in some instances the parent would likely remove themselves from being considered. If the parents are expressing a desire to adopt a child of a different race or ethnicity, will the agency be able to deny them because of the social worker's interpretation of the prospective parents' feelings? Will there be an appeal available?

The other reference to acceptable assessments related to race, etc., is on page 13, where "an agency also may assess a family's ability to nurture, support, and reinforce the racial, ethnic, or cultural identity of the child and help the child cope with any forms of the discrimination the child may encounter." How will the agency be able to assess this? More importantly, how would an agency be able to determine that a family did not have the ability to nurture...? This argument is the one given in virtually every case in which a civil rights complaint or lawsuit has been filed against an agency for denial of adoption because of race. How will HHS protect children and families from subjective denials based on a social worker's perceptions and prejudices? Again, what if any appeals process will be available?

Further, on page 13, the Guidance provides some examples of "narrow situations" where race may be used: "for children who have lived in one racial, ethnic, or cultural community, the agency may assess the child's ability to make the transition to another community." This exception flies in the face of the experience of most Americans who have moved to new communities and have not experienced trauma. This excuse was used in one highly publicized foster care case, where a child was removed from a loving foster family because the family lived in the suburbs and the child was from an impoverished family in the inner city. Does this suggest that children cannot make the transition to safer, more upwardly mobile neighborhoods? Is this not contrary to civil rights efforts toward integration? The Guidance does state that this exception should not apply universally and states it is "doubtful that infants or young children will have developed such needs." One can be assured that infants and young children will not have developed such needs. Research is clear that preschool children do not even recognize the differences in race and ethnicity of those around them. The other example given by HHS is "when a prospective parent has demonstrated an inability to care for, or nurture self-esteem in, a child of a different race or ethnicity." How would a parent demonstrate this inability, unless the parent

abuses or neglects the child? How would the agency determine that race is the factor, rather than poor parenting ability. If the individual cannot be a good parent, the individual should be denied on those grounds, not racial grounds. It appears that HHS, in attempting to make a case for permissible considerations, has unwittingly made the case that there are no legitimate exceptions to prohibiting using race to deny or delay a placement.

6. At the briefing, HHS staff stated that recruitment requirements outlined in the Guidance applied to State agencies, not individual private agencies who may directly or indirectly receive federal funds. Therefore, HHS will not rule a private agency out of compliance if it does not have the resources to expand hours of services, open up branch offices, etc. NCFA would like verification of the expectations of private agencies with regard to recruitment requirements. Will funds be available to private agencies to assist in expanding recruitment activities and if so, how would a private agency secure them?

7. The discussion at the briefing about targeted recruitment activities raised some concerns about the recruitment process and assessing families. A representative from the North American Council on Adoptable Children, who also had an affiliation with One Church, One Child asked whether a minority-run agency which focused on minority adoptions must serve members of other racial groups. HHS staff responded that no one could be denied services based on race, color or national origin. HHS staff stated that HHS supported and encouraged targeted recruitment activities, but that if someone outside the target group responded, the agency must study them. In further explaining the requirements, HHS staff said that the agency should handle the case as any other case, and in the process of the home study discuss with the prospective adoptive family the wisdom of attempting to pursue adoption in this manner. This response from HHS appears to give some agencies permission to discriminate by discouraging individuals from using the service. The issue of targeted recruitment is also troubling because it appears that the intent is solely to build a larger pool for a particular population group. It is not spelled out clearly in the Guidance that an agency cannot maintain separate "pools" of prospective parents for different racial groups, and therefore, it appears that this is a possible outcome of the recruitment mandate. However, by separating prospective adoptive parents initially by race, a child is denied the opportunity of being matched with the best possible parent for his particular need from all eligible applicants. For example, if a particular child has significant health and behavior problems, the pool of possible parents is much more narrow than for the child who is healthy and well adjusted. If potential parents are further limited based on race, a child may indeed be adopted, but may be adopted by a

parent who does not have the same gifts and abilities to bring to bear on the child's needs as another parent from another race. On page 16, it states that "procedures for a timely search for prospective parents for a waiting child, including the use of exchanges and other interagency efforts, provided that such efforts must insure that placement of a child in an appropriate household is not delayed by the search for a same race or ethnic placement." While the use of exchanges is very important in finding appropriate parents, exchanges should only be used after all possible parents within the agency's pool have been ruled out because they could not meet the particular needs of the child. Does HHS agree with this view about when exchanges should be used?

7. There is a listing of standards which may not be used to exclude groups of prospective parents on the basis of race, color or national origin on page 16. The purpose of MEPA is to prohibit the use of race, color or national origin in making placement decisions. Why have these other standards of "income, age, education, family structure, and size or ownership of housing" been included since they are not included in MEPA?

8. Enforcement and monitoring efforts appear to be inadequate in the Guidance. It appears from the Guidance and statements by HHS staff that the focus of enforcement is going to be, at least for the first 6 months or so, almost entirely on statute and written, published policies. NCFA and others concerned about the unconstitutional use of race in child welfare programs are more concerned about practices which continue even when statutes and policies are clear. Even though Texas passed legislation much stronger than MEPA in its prohibitions of using race, race continues to be a factor in a number of cases in Texas, prompting the recent filing of a lawsuit against Texas.

The Guidance appears to lay out the rules for what activities the state cannot engage in (overt practices) to be in compliance. However, the problems in child welfare have more to do with the covert practices that agencies use that result in African-American children waiting at least twice as long as White children for homes. These covert practices are deceptive and difficult to detect. The permissible considerations allowed in the Guidance are broad enough to allow many current discriminatory practices to continue to be permitted. How can HHS be sure that the state is not allowing a pattern of racial practices that continue to be discriminatory? In the briefing we were told that the process of monitoring was an "evolving one". What is the target date for HHS to develop the other provisions which address local practices that are discriminatory?

It is inadequate to have individual complaints as the only way to monitor compliance or violation of MEPA. The issue of monitoring

the entire child welfare population, not only children who have already been targeted for adoption, is critical. There should be some mechanism where states must report on every child in the system, by racial and ethnic identity, and case plan (family preservation, foster care, adoption), to assure that children are not targeted to a particular service based on race and the ability or inability to find matching race foster or adoptive families. If a particular racial group is overrepresented in a particular service area, an investigation should take place to determine how decisions are made.

We are anxious to have the responses of HHS to these questions. As soon as we receive your responses, we will share them with our constituency.

Sincerely,



William L. Pierce, Ph.D.
President

cc: Mary Jo Bane, Assistant Secretary
for Youth and Families
Department of Health & Human Services
200 Independence Avenue, SW
Washington, DC 20201

Ronald Copeland
OCR
Department of Health & Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dennis Hayashi, Director
Office of Civil Rights
Department of Health & Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dan Lewis
ACF
Department of Health & Human Services
200 Independence Avenue SW
Washington, DC 20201

Michael Wald, General Counsel
Department of Health & Human Services
200 Independence Avenue SW
Washington, DC 20201

Carol Williams, Chief
Children's Bureau
Department of Health & Human Services
200 Independence Avenue SW
Washington, DC 20201

Talking Points for
Title II - Interethnic Adoption
of the
Adoption Promotion and Stability Act of 1996

Summary of Title II - Interethnic Adoption

- * Title II of the Act repeals Section 553 of the Multiethnic Placement Act of 1994 (MEPA).
- * The Act contains two substantive provisions relating to nondiscrimination in adoption and foster care placement.
 - The Act prohibits the denial to any person the opportunity to become an adoptive or a foster parent, on the basis of the race, color or national origin of the person, or of the child, involved.
 - The Act prohibits the delay or denial of a placement for a child for adoption or foster care, or other discrimination in making a placement decision, on the basis of the race, color, or national origin of the adoptive or foster parent, or the child, involved.
- * These two provisions of the Act would become a part of the title IV-E Adoption Assistance and Foster Care State plan.
- * The Adoption Act applies broadly to "any person or government involved in adoption or foster care." However, penalties of its enforcement would only apply to entities receiving Federal funds, which are covered under title VI of the Civil Rights Act.
- * Any violation of the Act's provisions would trigger a penalty. The penalty would reduce Federal title IV-E funding to States by 2-10%, increasing with time. The penalty would fully revoke Federal title IV-E funding to non-State grantees in each affected quarter.
- * The Act accords aggrieved individuals a right to bring an action in U.S. District Court.
- * The Act does not apply to the administration of the Indian Child Welfare Act of 1978 (ICWA) governing the placement of indian children in adoptive and foster homes.

Multiethnic Placement Act (MEPA) Implementation

- * With the enactment of MEPA in 1994, Congress recognized the urgent need to place waiting minority children and to utilize appropriate families, including those whose backgrounds are different from those of the waiting children.
- * HHS has taken aggressive action to implement MEPA since its enactment in 1994 to ensure that state laws, policies and practices conform to the statute's provisions regarding transracial adoption.
- * HHS issued Guidance to the States to implement MEPA in April of 1995, and subsequently notified 27 States and the District of Columbia of regulatory, procedural and/or statutory issues in non-compliance with MEPA.
- * By January of 1996, 46 States and the District of Columbia had statutes and policies that were in compliance with the Multiethnic Placement Act's prohibitions against the denial or delay of foster care or adoption placement on the basis of race or ethnicity. HHS expects 3 of the 4 remaining States (IA, KY and MN) to be in compliance by July 1996 and, because of its bi-annual legislative calendar, we expect Arkansas to be in compliance by April of 1997.
- * HHS has undertaken a variety of efforts to aggressively implement the letter and spirit of MEPA.

HHS issued the MEPA guidance within the short statutory time-frame, prepared extensive materials to assist states and conducted training on the new law.

HHS regional staff from OCR and ACF provided technical assistance and successfully worked with states in changing state statute, regulations and/or procedures to comply with MEPA.

MEPA requires states to develop plans which recruit foster and adoptive parents of all backgrounds who are capable of meeting the needs of children with various cultural, ethnic and racial background. HHS regional offices are reviewing State recruitment plans and working closely with the States.

New child welfare data collection system (AFCARS), which provides demographic information on children awaiting adoption and their adoptive parent, will allow HHS to track the number and percentage of children placed transracially. This data will be used in the monitoring of State child welfare programs for detecting biases in placements.

HHS regional staff from OCR and ACF have been trained on the provisions of MEPA and are handling complaints expeditiously.

ADOPTION

THE FACTS:

- ▶ In December 1993 (the last year for which data are available), there were approximately 21,000 foster children in the U. S. waiting to be adopted.
- ▶ Of the children awaiting adoption at the end of 1993, approximately 41% had already waited two years.
- ▶ Eight out of ten waiting children have special needs (e.g. special medical, developmental, behavioral or psychological needs; minority children; older children; or sibling groups).

THE RECORD:

HR 4, the welfare reform bill vetoed by President Clinton would have impeded Federal efforts to find safe, loving, adoptive homes for children caught in the foster care system. For example, HR 4 would have:

- ▶ **Eliminated funding for one-time adoption costs** -- Under current law, families that adopt eligible children with special needs are entitled to reimbursement for their one-time adoption costs. HR 4 would have eliminated funding for these payments, potentially making it impossible for a willing family to adopt a foster child, because the family could not afford the one-time adoption costs.
- ▶ **Curtailed recruitment and training** -- Currently, states are guaranteed partial reimbursement of their expenses for recruiting and training foster and adoptive families. HR 4 would have ended this guarantee, and capped and cut funding, making it harder for states to find adoptive homes for children with special needs.
- ▶ **Repealed the Adoption Opportunities program** -- The Adoption Opportunities program is a targeted program that facilitates national and community-level innovations to overcome barriers to adoption and to find adoptive families for special needs children. HR 4 would have repealed this important effort, and folded it into a large block grant.

In addition, the version of HR 4 originally approved by the House Ways and Means Committee and passed by the House of Representatives in March of 1995, would have repealed the current federal entitlement for adoption assistance payments for children with special needs (Title IVE of the Social Security Act) and replaced this essential program with a block grant to the states. Under the current IVE program, families that adopt children with special needs (children with special medical, developmental, behavioral or psychological needs; minority children; older children; or sibling groups) are entitled to receive ongoing subsidies to help them support these children. The repeal of this guaranteed assistance would have made it even more difficult to find loving adoptive homes for these children. Both the Senate and the Conference Committee rejected this House proposal in HR 4.

Merkowitz



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

APR 9 1996

The Honorable Paul Simon
United States Senate
Washington, D.C. 20510-1302

Dear Paul:

This is in response to your letter requesting information concerning the implementation of the Multiethnic Placement Act of 1994 (MEPA).

The Department has made great strides in implementing the MEPA to ensure that state laws, policies and practices conform to the statute's provisions regarding transracial adoption.

After the Department issued the MEPA Guidance in April 1995, we notified 27 States and the District of Columbia of regulatory, procedural and/or statutory issues in non-compliance with the MEPA.

By January 1996, 46 States and the District of Columbia had statutes and policies that were in compliance with the MEPA. We expect three of the four remaining States (Iowa, Kentucky and Minnesota) to be in compliance by July 1996, and because of its bi-annual legislative calendar, we expect Arkansas to be in compliance by April 1997.

Since the bill was signed into law, the Department has moved rapidly to implement its provisions in the following ways:

- o We issued the MEPA guidance (copy enclosed) within the statutory time-frame, prepared materials and conducted training/technical assistance on the new law.
- o Our Regional Offices are reviewing state recruitment plans and working closely with the States.
- o We are developing plans for active monitoring of practice compliance.

Page 2 - The Honorable Paul Simon

- o Our new Statewide Automated Child Welfare Information System which provides demographic information on children awaiting adoption and their adoptive parents, will allow us to track the number and percentage of children placed transracially.

The enclosed materials should give a good understanding of the policy approach that we have taken. Should there be a need for further clarification on recruitment issues, please contact Ms. Carol Williams, Associate Commissioner for the Children's Bureau, at (202) 205-8618, and for further clarification on civil rights compliance, please contact Dennis Hayashi, Director of the Office for Civil Rights, at (202) 619-0403.

I hope this information will be helpful to you.

Sincerely,

Donna E. Shalala

Enclosures



**COPY FOR YOUR
INFORMATION**

LETTER TO ADDRESSEES:

SUBJECT: Guidance on the Multiethnic Placement Act of 1994

The Administration for Children and Families (ACF) and the Office for Civil Rights (OCR) of the Department of Health and Human Services (DHHS) are writing to transmit new policy guidance on the use of race, color, or national origin as considerations in adoption or foster care placements.

The guidance is designed to assist public and private agencies, that are involved in adoption or foster care placements and that receive Federal funds, in complying with Title VI of the Civil Rights Act of 1964 (Title VI) and the Multiethnic Placement Act of 1994 (MEPA).

The Multiethnic Placement Act, signed into law by President Clinton on October 20, 1994, is designed to: prevent discrimination in the placement of children in foster care and adoption on the basis of race, color, or national origin; decrease the length of time that children wait to be adopted; and facilitate the identification and recruitment of foster and adoptive parents that can meet children's needs. The Act prohibits states or agencies that receive Federal funds from delaying or denying the placement of any child solely on the basis of race, color or national origin.

HHS is committed to assisting all covered agencies or entities to come into voluntary compliance with MEPA. Toward this end, within the next month, we will complete a review of the applicable state statutes, regulations and published policies in this area. We will contact you again if we believe your state is not in compliance with MEPA, and we will provide technical assistance on compliance at your request. In the meantime, we encourage states and agencies to begin their own review of statutes, regulations and policies.

Compliance with the non-discrimination provisions of MEPA is required no later than one year after the date of its enactment, or October 21, 1995. Agencies desiring technical assistance regarding compliance with the nondiscrimination provisions should contact Ron Copeland of OCR at (202) 619-0553, TDD 1-800-537-7697.



DATE: April 21, 1996
TO: Tribal Leaders, ICWA Programs, and Interested Organizations
FROM: National Indian Child Welfare Association
RE: Legislative amendments to weaken the Indian Child Welfare Act

**CONGRESS VOTING ON AMENDMENTS TO WEAKEN THE INDIAN
CHILD WELFARE ACT DURING WEEK OF MAY 6TH!**

NATIONAL
INDIAN
CHILD
WELFARE
ASSOCIATION

3611 SW Mead St.
Suite 201
Portland, OR 97201
Phone
503 222 4044
Fax
503 222 4007

As many of you know, the Indian Child Welfare Act has been constantly under attack in Congress during the last year. Fortunately supporters of ICWA like Senator McCain, Chairman of Senate Indian Affairs Committee and Congressman Don Young, Chairman of the House Resources Committee, have been able to suppress efforts by some congressional members to significantly change many portions of the ICWA. However, one of the most active and outspoken critics of the ICWA, Congresswoman Deborah Pryce of Ohio has joined forces with Congressman Todd Tiahrt of Kansas to introduce another bill to amend the ICWA - H.R. 3275. This bill, H.R. 3275, will be offered as an amendment to a larger adoption bill that the House of Representatives will consider on May 6th during what is being called "House Adoption Week." By attempting to have her new bill considered on the House floor without a committee hearing or time for Indian Country to comment, Congresswoman Pryce is hoping that she can get passage of the bill before there is time to discover the many problems her amendments have. Because of the short timeline on this it is absolutely imperative for all tribes to respond immediately by fax and phone call. Below we have provided an analysis of the legislation, strategies for responding, and some talking points that can be used in a fax letter.

Analysis

The legislation attempts to severely limit the application of ICWA in both voluntary and involuntary child custody proceedings involving Indian children. To better understand the analysis below, please refer to the attached copy of the bill.

Section 1: Only allowing ICWA to apply to child custody proceedings where at least one parent is of Indian descent and maintains significant social, cultural, or political affiliation with the Indian tribe of which the parent is a member of. This determination will be made by state courts which will have discretion as to what merits a significant social, cultural, or political affiliation.

Section 1. Making all court decisions that ICWA does not apply based on determinations under Section 1 final. While it is unclear as to the specific effect this would have on ICWA proceedings, it appears as if the sponsors are intending to take away any chance for an appeal or reversal of a state court decision based on Section 1, no matter how wrong the decision was.

Section 2: Not allowing a person who becomes 18 years of age before becoming a member of an Indian tribe to actually be considered a member without their written consent. The sponsors appear to be trying to stop the application of ICWA in situations where, for example, a grandparent might enroll their son or daughter



without their knowledge to have the ICWA apply to a child custody proceeding involving their grandchildren.

Section 2: For the purposes of a child custody proceeding involving an Indian child, only recognizing a membership in an Indian tribe from the actual date of membership admission. While again it is unclear as to exactly what is intended here, it appears that the sponsors are trying to deny application of the ICWA to Indian parents and children who become members of a tribe after they become involved in a child custody proceeding.

Section 3: The proposed amendments will take effect upon the day that the legislation is enacted into law and then apply to any child custody proceeding in which a final decree has not been entered as of that date. While this provision is not unusual by itself, courts hearing ICWA cases that are still in litigation as of the date of enactment of these amendments will then have to re-evaluate whether the ICWA should still apply.

What You Can Do

It is critical that all ICWA supporters have their voices heard immediately on the need to stop these proposed amendments. Most of the House of Representatives members know very little, if anything about the ICWA and how these amendments would hurt Indian children and families. To help stop these amendments you should do the following:

- 1) Review this memo and the attached legislation carefully. The National Indian Child Welfare Association will be glad to answer questions or assist you in better understanding how this legislation will affect your community.
- 2) Develop a short, no more than two page letter using the analysis, talking points and any other information you want to include. In your letter be sure to ask your House member to speak with House Republican Leaders regarding your opposition to the Representatives Pryce and Tiahrt Indian Child Welfare Act amendments that will be offered on the House floor to a larger Adoption bill on or around May 6th.
- 3) Fax a copy of your letter to your House member and call the House Republican Leaders listed below and tell them of your opposition to the Representatives Pryce and Tiahrt Indian Child Welfare Act amendments that will be offered to a larger Adoption bill on or around May 6th.

The Honorable Richard Armey
Majority Leader
House of Representatives
(202) 225-4000

The Honorable Tom DeLay
Majority Whip
House of Representatives
(202) 225-0197

Talking Points

- Congress, after years of hearings and research, passed the Indian Child Welfare Act to help protect Indian parents and children after countless documented accounts of Indian children being removed unnecessarily from their homes and torn away from their families and communities. Representative Pryce wants to undo with no hearings what Congress spent several years of hard work to document and enact. This is being done despite the objections of the Chairman of the House Resources Committee which has jurisdiction on this issue.
- At a May 10th hearing last year on another bill to amend the ICWA, H.R. 1448, sponsored by Representative Pryce, several tribes and leading experts on Indian foster care and adoption provided testimony and recommendations on how to most effectively resolve the issues that Congresswoman Pryce said she was concerned about. Yet she has not contacted even one tribe or Indian organization to discuss her most recent legislation or use any of the valuable information that was provided in testimony in crafting her bill.
- Representative Pryce has falsely stated that the Indian Child Welfare Act was never intended to provide protections to off-reservation Indian children or families, when in fact this was the primary group that Congress identified as most needing protections. The was based on the vulnerability of off-reservation Indian children to unnecessary removals from their families by state and private institutions that were biased against or had little appreciation for Indian culture.
- The bill has many serious flaws that will cause an explosion of new litigation on virtually every section of the bill. This will only result in setting back efforts to find good homes for Indian children awaiting adoption or foster care - the very problem that Congresswoman Pryce says she is trying to resolve.

Some of the most serious flaws of the bill and questions surrounding it include:

- Section 1 - What is social, cultural, or political affiliation? What evidence proves or disproves such affiliation? What does it mean to be affiliated as of the time of the proceeding? Does the court consider the affiliation over the last 10 years or just within the last month? What if a child maintains such relationship through a grandparent or other relative, but the parent does not? What does it mean that a determination of non-affiliation is final? Does it mean that a tribal judges determination cannot be appealed to a state appellate court or that a state appellate court decision which violates the ICWA cannot be reviewed in a federal court? What if a natural parent claims a lack of affiliation, the judge accepts this representation and two weeks later an Indian tribe presents overwhelming evidence that the parent has substantial contacts with the tribe?
- The bill replaces a bright line political test - membership in an Indian tribe as the trigger for the coverage of the ICWA - with a multi-faceted test that transforms the classification into more of a racial identification test. This may very well be

unconstitutional since the legitimacy of Indian-specific legislation rests upon the fact that such legislation is based upon a political classification, and not a racial classification.

- There is no evidence that excluding children whose parents do not maintain a social, cultural, or political relationship with a tribe is good policy. Just because the child's parents may be deemed as having little affiliation with their culture does not mean that the child's maintaining a relationship with their grandparents or other relatives becomes unimportant by reason of the parent's lack of affiliation. Indeed, the empirical evidence is that maintaining these relationships is in the child's best interest.
- Section 2 - This section does not reflect the realities of how tribal membership mechanisms work and would likely exclude coverage of vast numbers of bona fide Indian children from coverage by the Indian Child Welfare Act. Many Indian children are not formally enrolled, but are clearly members of a tribe and could be enrolled. In addition, assertions by the sponsors that tribes are trying to make members of everyone, "even with as little as 1/1000th Indian blood" are simply ridiculous. First of all tribes reserve the right to determine their own memberships as sovereign governments, not unlike the United States. Secondly, tribes have every incentive to not be enrolling children who are not legitimately connected with the tribe since ultimately these children will be eligible for benefits that the tribe provides to its members - benefits which are generally limited in nature.
- Section 2 would also impact Indian children and families resident or domiciled on the reservation. Typically, child custody proceedings involving these families would be under the exclusive jurisdiction of the tribal court. However, based on state, not tribal, standards in those circumstances where a state court misinterprets the parent or child's membership status or where the parent or child have not been formally enrolled, but are clearly members, states would have the authority to come on to the reservation and remove Indian children from their homes. There would be no requirement that an extended family or tribal placement for the child be sought. Tribal court authority over the voluntary and involuntary placement of such children would be lost, essentially taking us back to the types of rampant abuse which gave rise to the Indian Child Welfare Act.

For more information or assistance please contact NICWA staff member David Simmons at (503) 222-4044.

Amendment offered by Congressman Shaw

passed

On page 10 strike "or otherwise discriminate in making a placement decision,"
(lines 9-11)

and

On page 12 strike "or otherwise discriminate in making a placement decision,"
(lines 10-11)

Rangel Amendment:

p. 10, after line 13 insert:

Permissible Consideration. - An agency or entity to which paragraph (1) applies may consider the cultural, ethnic, or racial background of the child and the capacity of the prospective foster or adoptive parents to meet the needs of a child of this background as one of a number of factors used to determine the best interests of a child.

Jacobs amendment added -- when continuation of the child in foster care is not the result.

Defeated on party-line vote

NEWS

FROM THE COMMITTEE ON WAYS AND MEANS

FOR IMMEDIATE RELEASE
April 24, 1996

CONTACT: Ari Fleischer or Scott Brenner
(202) 225-8933

The Adoption Promotion and Stability Act of 1996 **Statement of Chairman Bill Archer**

Good afternoon.

In America today, there is no reason why any child should be denied a loving family. Unfortunately, there are more than 500,000 children lingering in foster care waiting to be adopted. And there is little hope for these kids when only one in 10 will be cleared for adoption this year.

There are many parents who want to adopt these kids but can't because they either don't have the money to pay the adoption fees, or because a federal regulation says they will not be good parents because their skin color is different from the child they want to adopt.

It's simply not right to deny a child the opportunity to grow up in a loving home because his parents are poor or are of a different race.

For these reasons, we are introducing the Adoption and Promotion and Stability Act of 1996. This legislation will help parents who want to adopt by providing them with a \$5,000 adoption tax credit to help cover many of the expenses involved in the adoption process. It will also put an end to the practice of delaying adoption, often for years, until the States can find racially matched parents for the adopted children.

There are hundreds of thousands of kids who want to be adopted and there are probably an equal number of parents who want to adopt them. This legislation will help to bring these families together. Our bill will make adoption easier and help find loving homes for hundreds of thousands of children in need.

I would also add that the \$5,000 adoption tax credit is part of the Contract with America. Republicans remain committed to fulfilling the promises we made to the American people, one important step at a time.

Thank you.

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

10-May-1996 12:45pm

TO: (See Below)

FROM: Janet Murguia
 Office of Legislative Affairs

SUBJECT: Passage of the Adoption Legislation H.R. 3286

The House has completed consideration of H.R. 3286, The Adoption Promotion and Stability Act of 1996. FYI: The Don Young amendment to strike Title III failed 195 to 212. The Bill passed with a final vote of 393 to 15.

Distribution:

TO: Lucia A. Wyman
TO: Jeremy D. Benami
TO: Diana M. Fortuna
TO: Bruce N. Reed
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TO: Melinda D. Haskins
TO: Jennifer L. Klein
TO: Dawn Chirwa
TO: FAX (96908425,Mary Bourdette)
TO: FAX (96229260,Annette Smith)
TO: FAX (92609345,Carol Williams)



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 9, 1996
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3286 - The Adoption Promotion and Stability Act of 1996
(Molinari (R) NY and 6 cosponsors)

The Administration strongly supports H.R. 3286, without the inclusion of Title III. Today, families who seek to adopt children face significant barriers, including high adoption costs and outdated assumptions. The Administration is deeply committed to removing these barriers and making adoption easier. The Administration strongly supports the bill's \$5,000 per child adoption tax credit. The tax credit will alleviate a primary barrier to adoption and enable middle class families, for whom adoption may be too expensive, to adopt children. The Administration also supports the adoption and foster care provisions in Title II of the bill. These provisions are consistent with the Administration's current policy.

The Administration strongly supports passage of a Young amendment, which has bipartisan support, to strike Title III from the bill. Title III would allow State courts to pre-empt tribal governments in decisions regarding the custody of Indian children. These provisions raise serious concerns because they would impinge on Indian tribal sovereignty, including the right of tribal courts to determine internal tribal relations.

The Administration will work with Congress to identify more suitable offsets to the lost tax receipts resulting from the bill's adoption tax credit. The Administration opposes the offset provision that would repeal the income exclusion for utility payments to businesses for energy conservation investments; the provision would effectively increase the taxes on these investments. By ending an important market-based incentive to conserve energy, the provision would undercut our ability to achieve clean air and energy security. The bill's other offset -- tightening the reporting requirements for U.S. holders of foreign trusts -- is included in the President's balanced budget proposal for purposes of deficit reduction.

Pay-As-You-Go Scoring

H.R. 3286 will affect receipts; therefore it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. OMB's preliminary scoring estimate is presented in the table below. Final scoring of this legislation may deviate from this estimate.

2

PAY-AS-YOU-GO ESTIMATE
(Receipts in millions)

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>1996-2002</u>
Receipts	+110	+318	+224	+154	+99	+56	+16	+977



5-07-1996 12:12PM

FROM

P. 2

05/07/96 11:15

CONG. OBERSTAR D.C. → 96908425

NO. 988 P002

ONE HUNDRED FOURTH CONGRESS

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 JOHN B. SHADEGG, ARIZONA

U.S. House of Representatives
Committee on Resources
Washington, DC 20515

May 7, 1996

Title III of H.R. 3286: Bad For Indian Children

GEORGE MILLER, CALIFORNIA
 RANKING DEMOCRATIC MEMBER -
 NICK J. RAHALL II, WEST VIRGINIA
 BRUCE P. VENTO, MINNESOTA
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 ROBERT A. UNDERWOOD, GUAM
 SAM FARR, CALIFORNIA

DANIEL VAL KISH
 CHIEF OF STAFF

DAVID G. DYE
 CHIEF COUNSEL

JOHN LAWRENCE
 DEMOCRATIC STAFF DIRECTOR

Dear Colleague:

This week the House will take up H.R. 3286, the Adoption Promotion and Stability Act, a bill a bill to speed up interracial adoptions, provide tax credits to adoptive families, and limit coverage of the Indian Child Welfare Act (ICWA) in off-reservation Indian adoption cases.

Congress enacted the ICWA in 1978 to prevent the "[t]he wholesale separation of Indian children from their families ... perhaps the most tragic and destructive aspect of American Indian life today." H.R. Rep. No. 95-1386. The law recognizes that Congress, which has "responsibility for the protection and preservation of Indian tribes," believes "that there is no resource that is more vital to the continued existence and integrity of Indian tribes than their children." The U.S. Supreme Court in 1988 wrote that "[t]he protection of this tribal interest is at the core of ICWA, which recognizes that the tribe has an interest in the child which is distinct but on a parity with the interest of the parents."

But Title III of H.R. 3286 would significantly undercut this important law. Title III contains provisions that would add a *new race-based Indian identity test* focusing upon a child's "significant" cultural, social and political contacts instead of tribal membership, would ignore the important role of the extended family in Indian culture, would lead to increased litigation, and would have the effect of excluding tribal members from coverage of ICWA.

These provisions were written without any effort to discuss or meet with Indian tribes, which are not only the people whose culture and interests are at stake, but are sovereign governments. We reiterate: there have never been hearings on these provisions.

Democrats and Republicans alike on the Resources Committee, which has jurisdiction over ICWA, strongly disapprove of railroading this bill through the House without adequate consideration, and we urge you to vote with us to strike Title III that amends ICWA.

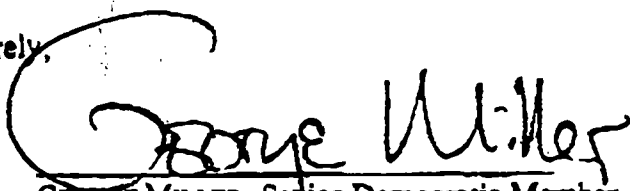
Contrary to opponents' assertions, studies since passage of ICWA indicate that it has worked well by motivating courts and agencies to place greater numbers of Indian children into Indian homes. Testimony we received in 1995 indicates that *there may have been only 40 contested Indian adoption cases in the past fifteen years, less than one-tenth of one-percent of the total number of Indian adoption cases* during that period. The vast majority of those "problem" cases are the direct result of willful violations of the Act and can be addressed by changes to the law that promote greater notification and sanctions for violations.

III of H.R. 3286 is neither careful nor deliberate; it is irresponsible legislation in response to isolated anecdotes, and given the lack of even superficial consideration of its impacts, it does not belong on H.R. 3286.

We urge you to support our efforts to strike Title III on the House floor.

Sincerely,


DON YOUNG, Chairman
Committee on Resources


GEORGE MILLER, Senior Democratic Member
Committee on Resources

C O P Y
from ORM

THE WHITE HOUSE
WASHINGTON

September 26, 1996

Mr. R. David Thomas
Senior Chairman of the Board
and Founder
Dave Thomas Foundation for Adoption
Post Office Box 7164
Dublin, Ohio 43017

Dear Dave:

As you know, the Small Business Job Protection Act of 1996 included a tax credit for families who adopt. As a token of my appreciation for your commitment and efforts on behalf of children who wait for permanent homes and loving families, I am delighted to enclose a pen from the ceremony in which I signed the bill.

Through your testimony on Capitol Hill and your work at the Dave Thomas Foundation for Adoption, you have helped to break down many of the financial and bureaucratic barriers to adoption and to give so many children what every child needs and deserves -- loving parents and a stable home.

As my Administration works to provide hope and opportunity for all our children, I look forward to your continued counsel.

Sincerely,

Bill Clinton

960930

Thomas
letter
JAG

(J. Klein
reprinted BC
8/1/74
Klein letter)



Pen goes with the
David Thomas
letter

9127196
Pen to go with letter
in POTUS box on
Carol's desk -

C

Pen goes with the
David Thomas
letter

ADOPTION: HELPING CHILDREN AND PARENTS

Promoting adoption is one of the most important things we can do to strengthen American families and give more children what every child in America deserves -- loving parents and a healthy home.

--President Clinton

For many children in the United States, adoption is their only opportunity to become part of a permanent and loving family. Adoption assistance programs help thousands of children and parents each year to form new and happy families.

Adoption enriches the lives of adults by enabling them to become parents and share their love with children who desperately need the support that can only be provided by nurturing parents. Because strong, loving families are the cornerstones of stable and caring communities, adoption also strengthens our nation.

Today, there are tens of thousands children in the nation's foster care system who can not return safely to their homes, who need permanent placement in new families and for whom adoption is a goal. Almost one third of these children are legally free and are waiting to be adopted. Almost half of these waiting children had been waiting for more than two years. More than half of waiting children have special medical, developmental, behavioral or psychological needs; they are minority children, older children and/or sibling groups.

President Clinton has taken key steps to encourage and increase adoptions of special needs children and to support the families that choose to open their hearts and their homes to these children. He has championed programs that find and assist adopting families, and is committed to breaking down barriers, including high adoption costs and complex regulations.

Removing Barriers to Adoption

The Administration supports Titles I and II of the Adoption Promotion and Stability Act of 1996. Title I provides an adoption tax credit for families who want to adopt and Title II is consistent with current law, the Multiethnic Placement Act of 1995 (MEPA), and with Title VI of the Civil Rights Act which prohibits discrimination based on race, color or national origin in all federally funded programs. This policy will alleviate a significant barrier to adoption and allow middle class families, for whom adoption may be prohibitively expensive, to adopt children to love and nurture. It will put parents seeking to build a family through adoption on a more equal footing with other families. In October 1994, President Clinton signed the Multiethnic Placement Act, which helps increase the number of adoptions by prohibiting discrimination based on race or ethnicity, and by increasing recruitment of parents. Forty-seven states and the District of Columbia are now in compliance.



Department of Health and Human Services
Administration for Children and Families
370 L'Enfant Promenade, S.W., Washington, D.C. 20447
Phone: (202) 401-9215 \ May 1996

Increasing Special Needs Adoptions

During this Administration, the number of children with special needs who have been adopted with Federal adoption assistance has increased by over 60 percent.

Improving Court Operations

The Administration is working with state courts in 49 states to improve the timeliness and quality of decision-making that leads to adoption. More timely decisions will ensure children do not languish in foster care and can more quickly be placed in permanent, stable families that can nurture and protect them.

Preserving Critical Supports

The President has also stood firm throughout the budget debate to protect funds for key supports such as Medicaid benefits for special needs adopted children, SSI for children, and adoption assistance -- these services are critical for many adoptive families and children. The President vetoed the Congress's welfare reform legislation because it did not provide enough incentives and support to help parents move from welfare to work and the bill would hurt children. The bill dissolved the guarantee to states for open-ended funding for foster care and adoption assistance which might have been put the most vulnerable children at risk of danger and harm.

Supporting Parents

This Administration has championed the Family and Medical Leave Act, the first bill signed into law by the President, which enables parents to take time off to adopt a child without losing their jobs or health insurance.

Strengthening Families

The Family Preservation and Support Act, passed in 1993, provided almost \$1 billion over five years for the development of community-based preventive and supportive services for families with children. States can use these funds to support and alleviate the crisis in adoptive families.

Increasing Public Awareness

Both President and Mrs. Clinton have made it a priority to increase the public's awareness about the importance and benefits of adoption. Through speeches, radio addresses, public service announcements and special events, the First Family has spoken out about adoption. The First Lady dedicated two of her nationally syndicated columns to adoption and included the importance of adoption in her recently published book.

National Adoption Month

In November 1995, the First Lady held a moving and memorable event at the White House to promote adoption during National Adoption Month. The event featured Dave Thomas of Wendy's, HHS Secretary Donna E. Shalala, adoptive parents, a community organization recruiting adoptive parents and children awaiting adoption. A public service announcement featuring Mrs. Clinton was aired in over 50 major cities across the country. In addition, the First Lady celebrated motherhood through adoption on Mother's Day by inviting adoptive moms and their children to the White House.

Focusing on Outcomes and Accountability

The Administration is shifting the Federal government's role from a focus on how well forms are filled out to a focus on how well children are doing. Permanent placement is a critical outcome. States have been given increased flexibility and technical assistance so that they can reform their child welfare systems. We are working with 48 states to automate their child welfare systems and reduce the paperwork burden on caseworkers.

Working Women Count Honor Roll

The Women's Bureau of the Department of Labor enlisted honor roll pledges from corporations and state and local governments to encourage and recruit parents to adopt and make adoption easier for workers and their families.

Expediting Adoptions from Foster Care

The Clinton Administration has provided every state with technical assistance to speed the adoption of children in foster care. This help comes through the National Resource Center on Special Needs Adoption and regional adoption conferences. In April, HHS brought together state foster care and adoption managers and court officials to work in partnership to designing systems that work better for children and families.

Statistics

During 1993 (most current data available,) an estimated 18,000 children who had been in foster care had their adoptions finalized. Another 17,000 were placed in adoptive families and are awaiting legalization. Another 86,000 children in the foster care system had the goal of adoption, 21,000 of whom were legally free (i.e. parental rights had been terminated.)

In 1996, about 120,000 children are expected to receive adoption assistance which is the federal subsidy to encourage and support the adoption of children with special needs. Eighty percent of waiting children in the foster care system have special needs including physical or mental disabilities, older children and sibling groups.

For more information

To get more information on how to become an adoptive parent, interested persons and the general public can call the National Adoption Center at 1-800-TO-ADOPT.



Department of Health and Human Services
Administration for Children and Families
370 L'Enfant Promenade, S.W., Washington, D.C. 20447
Phone: (202) 401-9215 \ May 1996

**ADOPTION PROVISIONS IN
THE SMALL BUSINESS JOB PROTECTION ACT
August 20, 1996**

The Clinton Administration is committed to breaking down barriers to adoption. The Small Business Job Protection Act includes two adoption provisions that President Clinton has strongly supported. It provides an adoption tax credit and prohibits adoption agencies that receive Federal funds from denying or delaying placement of a child based on race, color or national origin. These provisions will help give more children what every child in America deserves -- loving parents and a healthy, stable home.

America's Waiting Children. More than 450,000 children in this country live in foster care. Eight out of ten of these children have special needs -- they are disabled, older, have siblings who also need to be adopted, or are minorities. The average child may wait as long as two years to be placed in an adoptive home even after they are legally free to be adopted. Minority children may wait twice as long.

Clinton Administration's Commitment to Encouraging and Easing Adoption. The President and the First Lady have worked hard to promote adoption, especially for children with special needs. The Administration's efforts include:

- Increased by 60% the number of children with special needs who have been adopted with Federal adoption assistance.
- Strongly supported the Multi-Ethnic Placement Act that sought to end discrimination and delays in adoption because of race or ethnicity.
- Championed the Family and Medical Leave Act -- which enables parents to take time off to adopt a child without losing their jobs or their health insurance.
- Created an honor roll of private companies who have pledged to make adoption easier for workers and their families by paying adoption benefits, offering leave time after adoption or other programs.
- Launched a public education campaign to highlight waiting children and the importance of adoption.

Helping Families Afford Adoption. This legislation will allow families, many of whom find adoption too expensive, to adopt children to love and nurture. It provides:

- A \$5,000 tax credit for costs related to adopting a child. If an employer agrees to pay for adoption expenses, their employee can claim an income deduction of up to \$5,000.
- A \$6,000 tax credit or income deduction for costs related to adopting a child with special needs.

The full credit and income deductions are available to adoptive parents with annual incomes of up to \$75,000 and gradually phase out as income reaches \$115,000.

Breaking Down Racial Barriers to Adoption. The legislation builds on the Multi-Ethnic Placement Act, signed by the President in 1994, by strengthening the prohibition against denying or delaying placement on the basis of race, color or national origin. The bill also provides for stronger enforcement against states that fail to comply within 6 months.

THE WHITE HOUSE

WASHINGTON

May 6, 1996

Dear Mr. Speaker:

I am writing to express my strong support for The Adoption Promotion and Stability Act of 1996. Today, families seeking to adopt children face significant barriers, including high adoption costs, complex regulations, and outdated assumptions. I am committed to breaking down these barriers and making adoption easier. Promoting adoption is one of the most important things we can do to strengthen American families and give more children what every child in America deserves -- loving parents and a healthy home. This legislation will help children in need of adoptive homes to be united with devoted parents.

My Administration has worked hard to promote adoption in general, and adoption of children with special needs in particular. We championed the Family and Medical Leave Act which enables parents to take time off to adopt a child without losing their jobs or their health insurance. We strongly supported the Multi-Ethnic Placement Act to help increase the number of adoptions by prohibiting discrimination based on race or ethnicity, and we remain committed to enforcing that law vigorously. As part of our 1993 deficit reduction package, I signed into law a provision that requires ERISA plans to provide the same health coverage for adopted children as for biological children of plan participants. We have worked to preserve Federal support for adoption of children with special needs, and increased by 60 percent the number of children with special needs who have been adopted with Federal adoption assistance.

But together we can and must do more. I strongly support the adoption tax credit in this bill. It will alleviate a significant barrier to adoption and allow middle class families, for whom adoption may be prohibitively expensive, to adopt children to love and nurture. It will encourage adoption of children with special needs. It will put parents seeking to build a family through adoption on a more equal footing with other families.

I believe that the bill is consistent with the Administration's policy and my longstanding goal to end the historical bias against interracial adoptions, which too often has meant interminable waits for children to be matched with parents of the same race. The Administration also has some concerns regarding some of the provisions used to offset the cost

The Honorable Newt Gingrich
Page Two

of the bill and would like to work with the Congress on these provisions. In addition, we need to ensure that unnecessary provisions are not included in the legislation.

The Adoption Promotion and Stability Act is an important first step toward meeting the challenge of removing barriers to adoption. I look forward to working with you so that the dreams of the waiting children in this country to have permanent homes and loving families can become a reality.

Sincerely,

A handwritten signature in black ink, reading "Tim Clinton" with a long horizontal flourish extending to the right.

The Honorable Newt Gingrich
Speaker of the
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

May 6, 1996

Dear Mr. Leader:

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The Honorable Richard K. Armey
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Sincerely,

A handwritten signature in black ink, reading "Tim Clute" with a long horizontal flourish extending to the right.

The Honorable Richard K. Armey
Majority Leader
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

May 6, 1996

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The Honorable Bill Archer
Page Two

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Sincerely,

A handwritten signature in black ink that reads "Tim Clunker" followed by a long, sweeping horizontal stroke to the right.

The Honorable Bill Archer
Chairman
Committee on Ways and Means
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

May 6, 1996

Dear Sam:

I am writing to express my strong support for The Adoption Promotion and Stability Act of 1996. Today, families seeking to adopt children face significant barriers, including high adoption costs, complex regulations, and outdated assumptions. I am committed to breaking down these barriers and making adoption easier. Promoting adoption is one of the most important things we can do to strengthen American families and give more children what every child in America deserves -- loving parents and a healthy home. This legislation will help children in need of adoptive homes to be united with devoted parents.

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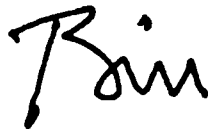
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The Honorable Sam Gibbons
Page Two

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The Adoption Promotion and Stability Act is an important first step toward meeting the challenge of removing barriers to adoption. I look forward to working with you so that the dreams of the waiting children in this country to have permanent homes and loving families can become a reality.

Sincerely,

A handwritten signature in black ink, appearing to read "Sam", with a stylized flourish at the end.

The Honorable Sam Gibbons
Ranking Member
Committee on Ways and Means
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

May 6, 1996

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The Honorable Richard A. Gephardt
Page Two

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The Adoption Promotion and Stability Act is an important first step toward meeting the challenge of removing barriers to adoption. I look forward to working with you so that the dreams of the waiting children in this country to have permanent homes and loving families can become a reality.

Sincerely,

A handwritten signature in dark ink, appearing to read "Rim", with a stylized flourish at the end.

The Honorable Richard A. Gephardt
Democratic Leader
House of Representatives
Washington, D.C. 20515

STATEMENT BY THE PRESIDENT

Today I am pleased to sign into law H.R. 3448, the "Small Business Job Protection Act of 1996.

This is important and long overdue legislation that provides a badly needed pay raise for millions of Americans and their families who struggle to make ends meet while working at the minimum wage. The Act boosts the minimum wage in two steps -- a fifty cent increase from \$4.25 to \$4.75 an hour that takes effect October 1, followed by an additional forty cent rise to \$5.15 an hour on September 1, 1997. This increase will help some 10 million of our hardest pressed working families build a better future. It is true to the basic American bargain that if you work hard you ought to have food on your table and a living wage in your pocket. .It is the right thing to do.

I should note that I disagree with certain provisions added to this section of the Act, such as the provision creating a new subminimum wage for young people and the one denying increased cash wages to most employees who rely on tips for part of their income. Still, those defects do not obscure the central accomplishment of this Act -- securing the first minimum wage increase since 1991.

Beyond raising the minimum wage, this Act represents real progress on a number of other fronts.

First, the Act creates a simplified, 401(k) retirement plan for small businesses, making it far easier for such companies to offer pensions to their employees. This new plan includes many of the pension reforms my Administration proposed more than a year ago. For example, it increases the portability of pensions,

allowing more new workers to start saving for retirement from their first day on the job. It cuts the vesting period for workers in multiemployer plans from 10 years to 5, immediately vesting over 1 million workers in their benefits. It repeals the so-called "family aggregation rule," which limited the retirement benefits of family members working together in the same business. It allows nonprofit organizations and Indian tribes to maintain 401(k) plans for their workers; assures veterans they will have continued pension coverage if they return to a civilian job after military service; and makes pension benefits safer and more secure for millions of employees of State and local governments. The pension provisions in the Act are not perfect -- they provide a smaller share of benefits to lower and middle wage workers than I proposed. But they are a significant step in the right direction.

Second, the Act gives a boost to small business by increasing the amount of capital that small businesses can write off as an expense. I proposed a \$15,000 increase in 1993 in order to encourage the kind of investment that creates new growth and jobs. The Congress passed half of what we advocated then and this legislation gives us the other half. Although the measure in this Act is phased in more slowly than I proposed, it will still give small businesses a good incentive for capital investment.

Third, the Act extends the research tax credit, an important measure for a high-tech economy that will retain its competitive edge in the 21st century only if we remain committed to innovation and the research that underlies it. I wanted the Congress to go further than it did, reinstating the research

credit retroactively to July 1, 1995, when it last expired, and making it permanent. But this extension, through May of next year, is an important step forward.

Fourth, the Act extends a tax incentive for businesses that train and educate their employees. That incentive excludes from an employee's taxable income as much as \$5,250 of educational assistance provided by an employer. Such assistance is another key element in maintaining U.S. competitiveness because a better trained, better educated workforce is vital to achieving higher productivity. I regret that the Congress failed to make this incentive permanent and that it has eliminated the incentive for post-graduate education. But in extending the incentive for undergraduate education through May 1997, the Act takes a useful step.

Fifth, by replacing the expiring Targeted Jobs Tax Credit (TJTC) with a new Work Opportunity Tax Credit, the Act provides a significant incentive for employers to hire people from certain targeted groups most in need of jobs, such as high-risk youth. I am pleased to see improvements that address many of the concerns raised about implementation of the TJTC. For example, the minimum employment period required before an employer becomes eligible for the credit will promote longer, more meaningful work experiences for those hired.

Sixth, I am particularly gratified by the important provisions in this Act concerning adoption. The Act provides a nonrefundable tax credit of up to \$5,000 per child for adoption expenses; \$6,000 for children with special needs. It will help thousands of children waiting for a family who wants them. It will help thousands of middle class parents realize their dream

of adopting a child. It will build stronger families and stronger communities.

Moreover, the Act bars placement agencies that receive Federal funds from denying or delaying adoptions based on race, color, or national origin. As I have consistently said, it is time to end the historical bias against interracial adoptions. That bias has too often meant interminable delay for children waiting to be matched with parents of the same race. It is time to put the creation of strong and loving families first.

As strong a piece of legislation as this is overall, however, I am concerned about three provisions, two of which I objected to when they were included in legislation I vetoed last year.

The first provision repeals the section 936 tax credit related to corporate investments in Puerto Rico and other insular areas. I urged the Congress to reform the credit and use the resulting revenue for Puerto Rico's social and job training needs. My proposal would have, over time, prevented companies from obtaining tax benefits by merely attributing income to the islands, but it would have continued to give companies a tax credit for wages and local taxes paid and capital investments made there, as well as for earnings reinvested in Puerto Rico and qualified Caribbean Basin Initiative countries. This legislation ignores the real needs of our citizens in Puerto Rico, ending the incentive for new investment now and phasing out the incentive for existing investments. I remain committed to my proposal for an effective incentive based on real economic activity that preserves and creates jobs in underdeveloped islands, and I hope that the Congress will act to ensure that the incentive for

economic activity remains in effect.

A second provision repeals a 1993 initiative of this Administration that reduces tax incentives for U.S. companies to move jobs and operations abroad. Repeal of this provision will allow businesses to avoid taxes by accumulating foreign earnings without limit.

Finally, I have reservations about a provision in the Act which makes civil damages based on nonphysical injury or illness taxable. Such damages are paid to compensate for injury, whether physical or not, and are designed to make victims whole, not to enrich them. They should not be considered a source of taxable income.

Notwithstanding these objections, this is important, forward-looking legislation and I am pleased to sign it. It gives millions of hard-pressed workers a well-deserved raise, takes a good first step toward providing adequate retirement benefits and security for employees of small businesses, creates useful tax incentives for small businesses, and will make adoption a reality for thousands of grateful families and children. Where, as I have noted, there are improvements yet to be made, we will continue to work with the Congress to make them.

THE WHITE HOUSE,

5

MEMORANDUM

TO: Jen, Katy, Sasha
FROM: Nicole
RE: Minimum Wage Bill Signing on Tuesday

Attached are the lists, all of which Kim has, for the adoption advocates invited to the Minimum Wage Bill signing as adoption advocates. I've encouraged Kim to allow substitutions, which she is doing, so on Monday, we should have a good list from Kim of who is coming. Kim will know if Dave Thomas is coming.

Jen/Katy:

I think the list that Carolyn Johnson created is quite good and gives us the three families we need (plus the one you found) to stand behind the President. Please call Carolyn or her staff tomorrow (I tried but they were gone by four, go figure), and

1) tell her that the four families will stand behind POTUS (I didn't want to promise that until we saw their profiles) and that the families should arrive by 1pm to the Visitors Gate (confirm gate with Kim)

2) get the dobs and ssn for the family that is missing for Kim asap (Kim says she is closing down the list by noon Monday)

3) tell Carolyn to relay to all her people to go to the Sculpture Garden following bill signing ceremony to be escorted to mtg with HRC

****If we need more families to stand behind POTUS, the two choices of families to call (IF they have RSVP'ed YES to Kim) are the Mainwarings (on first list), the Totaro family (on first list) and Karen Howze with her kids (on last list) -- they have been invited but I don't know if they have accepted.**

Sasha:

As soon as Kim gives us the list, please re-call that list (minus the Carolyn Johnson-generated names) with the following information:

"Mrs. Clinton would like an opportunity to meet with those at the bill signing from the adoption advocacy/adoptive family community. Immediately following the bill signing, please ask a social aide to direct you to the First Ladies Garden, which is the White House Sculpture Garden, and someone will escort you from there inside the White House for the meeting." You do not need to call those affiliated with Carolyn Johnson, as she will disseminate the information (please see attached sheet for names).

If they want a name of someone to look for at the event -- Jen Klein or Katy Button.

FYI:

General Invite time is 1:30pm at the East Visitors Gate

Families who will stand behind the President Invite Time is 1:00pm.

I'm sorry I will miss the party, but I'm confident that the adoption community is in good hands.

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. list	Minimum Wage Bill Signing Adoption Advocates [Personally Identifiable Information] (partial) (3 pages)	05/00/1996	b(6)

COLLECTION:

Clinton Presidential Records
First Lady's Office
Jennifer Klein
OA/Box Number: 13525

FOLDER TITLE:

Adoption - Tax Credit/Ethnic Legislation [1]

2014-0536-S

kc1452

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

25.1.7
456-7787

→ 1:30

[001]

**Minimum Wage Bill Signing
Adoption Advocates**

When inviting the following people to the Minimum Wage Bill Signing, please specify that the Minimum Wage Bill also includes provisions on adoption -- the tax credit and other provisions.

Those with DOBs and SSN had accepted when event was originally scheduled event and should be re-invited -- all should be invited.

Carolyn Johnson 215/735-9988

Executive Director

No

National Adoption Center

(b)(6)

100 - families

Bill Pierce

202/328-1200

President

Yes

National Council on Adoption

(b)(6)

Mady Prowler

215/205-8622

No

Director

Adoption Assistance Programs

National Adoption Center

(b)(6)

Donna Fitzwater

Hay Adams

638-6600

Theodore Mason

c/o 215/205-8622

No

Attorney and Board Member

National Adoption Center

(b)(6)

Mae Best

202/724-8602

Yes

Chief of Adoptions

D.C. Dept of Social Services

(b)(6)

Jan Heffner

614/764-3319

Executive Director, Dave Thomas Foundation for Adoption

Yes

(b)(6)

Casey Ciescamp

[001]

Dave Thomas 614/764-3319 Regret
Dave Thomas Foundation
Dublin, Ohio

Leland C. Brendsel 703/903-3001 R
Freddie Mac Foundation

(b)(6)

Rita Simon 202/885-2965 Y
American University

(b)(6)

Sam^{KE} Totaro 215/598-0951 Y
American Academy of Adoption Attorneys (invite all four below at above #)

(b)(6)

Andrea Totaro 215/598-0951

(b)(6)

Juliana Totaro 215/598-0951
(adopted daughter)

(b)(6)

Christopher Totaro 215/598-0951
(adopted son)

(b)(6)

Mark Eckman 703/281-9166 Y
American Academy of Adoption Attorney

(b)(6)

Ann Sullivan (if she can't come, please ask her to send a rep from CWLA -- very imp)
Adoption Program Director
Child Welfare League of America N
202/638-2952

Joe Kroll
Exec. Director
North American Council on Adoptable Children (NACAC)
St. Paul, MN
612/644-3036

Y

Drenda Lakin
Center Director
Spaulding for Children
Southfield, MI
313/443-7080

N

Dixie van de Flier Davis
The Adoption Exchange
Denver, CO
303/333-0845

Y

Barbara Harrison
Wednesday's Child, Channel 4 TV
202/885-4111

Y

Susan Frievalds
The National Adoption Foundation
Minneapolis, MN
612/544-6698

replace

R

3 or 4

[stand behind President]

— Douglas Mainwaring and Valerie Mainwaring
adoptive parents who testified in committee on adoption provisions
301/330-9580 or 301/924-3661

N

— Diane Dobson
adoptive parent
301/593-7018

N

— Steve Humerickhouse
Adoptive parent/advocate
612-521-1098

Y

Sheryl Dicker
Permanent Judicial Commission on Justice for Children
914/422-4425, office
914/834-8211, home

R

Norman Stein
212/753-4930, w

[001]

Carol Williams
Children's Bureau
DHHS

202/205-8622

(b)(6)

Ann Rosewater
Deputy Assistant Secretary
DHHS
202/401-5180

Olivia Golden
Commissioner
Administration for Children, Youth and Families
202/405-8347

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. memo	Kim [Widdes] to Nicole [Rabner] re Minimum Wage Signing [Personally Identifiable Information] (partial) (1 page)	05/00/1996	b(6)

COLLECTION:

Clinton Presidential Records
First Lady's Office
Jennifer Klein
OA/Box Number: 13525

FOLDER TITLE:

Adoption - Tax Credit/Ethnic Legislation [1]

2014-0536-S

kc1452

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
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- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
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- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Pls deliver to Kim Widdoes
66235 [002]

MEMORANDUM

TO: Kim
FROM: Nicole

1. The following are additional people to be invited to the Minimum Wage Bill Signing; please have your office make the following calls and again, specify that the adoption provisions, including the tax credit, are included in the bill:

Bill Pierce's office
National Council on Adoption
--invite his wife:
Paula O'Connor (who was invited last time)
dob [redacted]
ssn [redacted] (b)(6)
phone # 328-1200

Karen Howze AND her 2 adopted children
202/291-2290 w
202/726-8454

Also, please add to the list the following person (already invited and coming):

Casey Osterkamp (Jann Heffner's daughter)
dob [redacted]
ssn [redacted] (b)(6)

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003. memo	Carolyn Johnson to Nicole Rabner re White House Visit (2 pages)	08/16/1996	b(6)

COLLECTION:

Clinton Presidential Records
First Lady's Office
Jennifer Klein
OA/Box Number: 13525

FOLDER TITLE:

Adoption - Tax Credit/Ethnic Legislation [1]

2014-0536-S

kc1452

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

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RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
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